

Legislative Assembly of Alberta

Title: Monday, April 24, 2006

8:00 p.m.

Date: 06/04/24

[The Deputy Speaker in the chair]

The Deputy Speaker: Please be seated.

head: **Motions Other than Government Motions**

School Nutrition Programs

507. Dr. Taft moved:

Be it resolved that the Legislative Assembly urge the government to support improved health, educational, and social outcomes for children by providing increased, dedicated funding for school nutrition programs for at-risk children in Alberta.

The Deputy Speaker: The hon. Leader of the Official Opposition.

Dr. Taft: Thank you, Mr. Speaker. This is a motion that we've been considering in our caucus for many, many months. Indeed, as the Leader of the Opposition I first began speaking about my concerns with school hunger almost a year ago in a number of speeches. I was struck at the time at how audiences responded. When I raised that point, there would be spontaneous applause from audiences whether they were audiences of families and parents or of teachers or of wealthy professionals and business leaders. Everybody across Alberta understands that in a province with this kind of wealth it is completely – completely – unacceptable that there are children going to school hungry. To add insult to that injury, we have a government that refuses to take any direct action to address this problem.

So we have been working on this issue and this motion for many, many months. We think that it is an obvious step forward for a government to take. The motion urges the government to consider action to address school hunger. It is a manageable problem. It's an identifiable, measurable response. It's affordable. Indeed, what's not affordable is inaction.

The trends in Alberta are troubling on these kinds of issues, Mr. Speaker. We have a trend, clearly, of increasing personal wealth for many of us, a tremendous amount of money in government coffers, a government that, in fact, has so much money that it's starting to just mail it out to people willy-nilly. It has no coherent policy for what to do with that wealth and seems to have precious little interest in the long-term building that could be undertaken with that wealth. When I say building, I don't mean particularly roads or schools or hospitals. I mean people, and especially I mean children.

We have a trend in Alberta where the wealth is getting concentrated in fewer and fewer hands, and poverty is getting concentrated in more and more hands. In fact, various studies now indicate, for example, that Calgary not only has the highest percentage of high-income residents of any major city in Canada but has the highest percentage of low-income residents as well. I think that's shocking. Those low-income residents count among them tens and tens of thousands of children. These children, ages three, four, five, six, seven, eight, nine, 10, go hungry in this province. Many of them go to school hungry in this province, and they have to depend on charity to be fed. They have to depend on groups like the Edmonton Real Estate Board to do fundraisers so that there can be lunch programs. They have to depend on companies like EPCOR to do Christmas programs to raise money so that there can be food for hungry children in Alberta schools.

Mr. Speaker, the people of this government need to open their

hearts to these children. They need to understand that this is a real problem. Too often – and I can see it and hear it in the government members here this evening – they shrug this issue off as if childhood hunger is something found only in Third World countries. It's found here in Edmonton. It's found in Red Deer. It's found in Medicine Hat. Mr. Speaker, it's found in your own constituency, where there's a food bank, a food bank in your constituency. We have a government that has sat on its hands while 75 or more food banks have arisen in Alberta. School nutrition programs are a way to get at the root of this problem.

This is not an issue of intruding into the responsibilities of families. It is not the child's fault that they're born into a family that for whatever reason doesn't feed them. It's not the fault of a child going to kindergarten hungry that his mom is working at a minimum wage job and can't afford food at the end of the month. It's not the fault of a child going into grade 2 hungry every day that her parents divorced and that she's living with a dad who is on shift work and doesn't get up in the morning to make a lunch. I don't care whose fault it is. What we care about, Mr. Speaker, is that there are hungry kids who need to be fed, and this government has the means and the resources to do it, to feed those kids, and it will not do so. It is a complete moral failure of this government.

The benefits of addressing this problem are immense. Setting the moral issues aside, we know that well-fed children are going to learn better. We know that children going to school hungry are not going to learn well. We know that children going to school hungry and sitting in a classroom and falling behind are at higher risk of failing the achievement tests, for example, that this government supports. They are at higher risk of dropping out. They're at higher risk of health problems. They're at higher risk of justice issues and law problems. They're at higher risk of all kinds of problems which spill over back onto society. We could address so much of this now. We could cut these problems off at an early stage by supporting school nutrition programs.

Mr. Speaker, I know that a number of my colleagues want to speak to the issue. I know that they have matters they want to raise. We've looked into the costs of this program. We've looked into the extent of the problem. We believe that there are tens of thousands of children going to school hungry in Alberta every day, and we believe that for substantially less than the subsidy this government gives to racehorses, we could feed all those hungry children in Alberta. The sad truth is that this government seems to give a higher priority to thoroughbred horses than it does to hungry children. I think that's appalling, and I think that every one of the government members here should be embarrassed. Frankly, I think that they probably are.

So, Mr. Speaker, I will listen carefully to the debate. I will see if any of the government members rise to engage in this debate. I will listen carefully to what they say. What I will listen to most carefully is the silence if there is a silence from the government on this issue, because we will not rest until this problem is addressed.

Thank you.

The Deputy Speaker: The hon. Member for Airdrie-Chestermere.

Ms Haley: Thank you very much, Mr. Speaker. I wanted to just speak briefly. I think that while the hon. member was giving his speech, I found myself growing angry at his comments rather than the issue that he had raised, an issue that I think deserves to be raised and discussed appropriately in this House. The things that he said, that we don't care or that we're not interested or that we have all of this wealth and don't use it appropriately – I think that I would like to just remind everybody of a couple of things.

8:10

Children's Services is a program designed to help children in this province. This year's budget is \$916,770,000. K to 12 schooling is over \$5.3 billion this year alone. Those are just two areas where we are trying, I think, as a province, as a society to deal with those very fragile and important elements of our society called children.

I raised two children. I'm one of those divorced, single mothers that the member talks about in a way that insults me. I cared very much about . . .

Dr. Taft: I was raised by a divorced mother.

Ms Haley: You had your say, hon. member.

The Deputy Speaker: Hon. members, the hon. Member for Airdrie-Chestermere has the floor.

Ms Haley: I'm one of those single moms that got up every morning and made lunch for my children and tried to make breakfast for them and worked very hard to try and ensure that they had food, clothing, and shelter. So I don't appreciate that whole idea that children who are in trouble or in despair are automatically in a single-parent family. It's simply not true.

To bring in the horse-racing industry as another example of government largesse to our favourite people – a lot of the people that work at the track and have jobs because that program exists are the very people that he's talking about. They're lower income jobs. He's not talking about a handful of people that might win a purse at a horse race. We're talking about the people who groom those horses, clean the barns, prepare the track, run the kiosks in the service areas. These are not \$60,000-a-year jobs, Mr. Speaker; they're the lower income jobs. We've been trying to make sure that that industry could even survive. That money that comes into the lottery fund would not come into the lottery fund to be disbursed to other parts of our community if it wasn't for the slot machines at the race tracks. So like it or not, it serves the purpose of supporting that industry, but it also supports a great many families, most of them here in Edmonton. You might want to think about that one.

So while I agree that I don't want any child going to school hungry in this province ever, I know that in my constituency, where I have a great many students, I think close to 18,000 or 19,000 students, we have one school in a socioeconomic area of my city that is a lower income area, and the school division made a decision, in fact, to bring in a hot lunch program for that school, and I commend them for that. They had some extra money. They do some fundraising, and they've made it possible for the children in that school to be able to count on that. At the other schools in my constituency it was not felt that the need was there.

So if this is a matter of trying to help specific schools in specific areas where there's a lower income or an issue along that line, then I'm in favour of it. If it's about putting a hot lunch program into every school in the province, then I am not in favour of it because it isn't necessary. The vast, vast, vast majority of parents care very much about whether their children have food every day. We get up, and we go to work, and we make sure that that happens.

So, hon. member, a little less rhetoric and a little more detail would have been appreciated, perhaps an estimate of what you actually think this really needs to cost, and a lot less insulting language to those of us who have done our jobs as parents.

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

Mr. Mason: Thank you very much, Mr. Speaker. I'm pleased to rise tonight and indicate that I am going to be supporting Motion 507, put forward by the hon. Leader of the Official Opposition. I've had, I guess, the experience, first, as a city councillor and later an MLA for a low-income constituency and a low-income ward of dealing with a number of schools in which hot lunch programs are provided. I've attended schools and helped serve the lunches. I've attended fundraising events for school lunch programs and got to know many of the fine people who deliver these programs.

Now, Mr. Speaker, wherever hot lunch programs are in place, school attendance improves, learning and educational results improve. You know, there is often the case where some children – and I'm not attempting, in saying this, to suggest that anybody here is in this category. I don't wish to be either patronizing or insulting to other hon. members, but it is sometimes the case in inner-city schools and I'm sure in some other schools as well where it's the children themselves that get themselves to school. They are sometimes the most responsible member of their family. They may come in at 10 o'clock in the morning, and they haven't eaten, but they are making a heroic effort to get themselves to school. Sometimes they have to sleep because they haven't had enough sleep, and sometimes they haven't had enough food.

It's very clear that in both the United States and in Canada the results of these programs have been carefully studied and monitored, and there is a tremendous response as a result of hot lunch programs in the schools. Sometimes the nutritional components of these programs are not always the best, but they are certainly, I can assure hon. members, superior to the type of nutrition that these children in these situations might expect otherwise.

So the question is: when, then, should they be provided and where? I was once of the same view as the hon. Member for Airdrie-Chestermere, that they should be very targeted, and only certain schools, certain children really needed them, but that doesn't take into account the dynamics of schools and children. To identify children in a school as needing the hot lunch program and others as not needing it places a stigma on those children which makes it very, very difficult for them and which really sets up a system in the school of haves and have-nots.

I think that people that have worked in this area for some time have come to the conclusion that in schools where there is a significant level of need, the program should be provided and should be made available to any child who wishes to take advantage of it. That doesn't mean that they would necessarily be in every school, but where they were in schools, each child would have an equal opportunity to participate in the school.

There are plenty of opportunities for parents who have more resources – educational, social resources, financial resources – to participate in the putting on of these programs and to assist in their delivery both financially and through volunteering. There is lots to be done by parents who do have resources to contribute to those children who do not.

Mr. Speaker, I think that it is a good program. I think that it is up to the government to talk to the people in the field, both to academic experts and people in the front lines who organize these school programs, who raise money for them and who administer them, and to the parents. It's up to the government to come up with proposals to extend hot lunch programs. It's not up to members of the opposition, with their limited resources, to do it. It's up to the people who are responsible for the governing of this province, the people who are responsible for the education system to do that.

Now, I'd like to go back a little bit in time. Mr. Speaker, as we know, the opposition ranks have been swelled of late by the addition of an additional member, the Member for Strathmore-Brooks, who

sits now behind us. At one time that hon. member was the minister of learning in this province. Sometime after 1998 he was interviewed by the *ATA News*. The *ATA News* said:

Delegates to the Alberta Growth Summit in April 1998 recommended that, “[in] cooperation with communities, hot lunch programs should be implemented immediately in schools where there are hungry children. Lunch programs should exist in all schools by 2005.”

Now, that’s from the government’s own growth summit in April of 1998.

8:20

The *ATA News* asked the then minister, “How do you see that recommendation being implemented?” The former minister said:

Well, to be honest, this is a recommendation that I have not had time to look at completely. At the moment, we give school boards the prerogative to provide a hot lunch program, and I believe we’ll continue with that. I think schools have put hot lunch programs in certainly the most critical areas. I believe, obviously, that kids have to have food in order to learn. But this is something that we will be looking at, and at this time, I just can’t say how it will be implemented or when it will be implemented.

That was some time ago, Mr. Speaker. How long has it been since that member was the Minister of Education? At least before the last election.

An Hon. Member: Eight years.

Mr. Mason: Yes. So it goes back eight years or so, and still the government has done nothing. They’ve had time. They certainly have money. What they don’t have are the right priorities.

The hon. Leader of the Official Opposition talked about horse racing, and the \$63 million that we spend on the horse-racing industry has been characterized by the hon. Member for Airdrie-Chestermere as helping poor, low-income people who work in the stables and work at the track. Mr. Speaker, I know some of those people. Some of those people live in my constituency, and I can tell you that very, very little of this amount of money trickles down to them. If we took the \$63 million and divided it among all the people who groom horses and feed them and look after them, they would all be certainly wealthier than most people. If you divided it up equally, they’d probably get as much as a cabinet minister or more. So to suggest that the subsidy for the thoroughbred industry is in some way a low-income subsidy is to misstate the situation rather dramatically. It is, in fact, a misplaced priority of the government, subsidizing an industry that should be able to stand on its own.

The government long ago established the principle that it would not be in the business of being in business and that business should stand or fall based on its competitiveness and its ability to be in business. But they made an exception, and \$63 million a year for horses and horse racing is really a subsidy of the people who raise the horses – in other words, wealthy, landed people, Mr. Speaker – and it has no basis in this Assembly.

With that, Mr. Speaker, I will urge members to support the motion, and I’ll take my seat. Thank you.

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

Mr. Amery: Thank you, Mr. Speaker. I am pleased to have the opportunity to rise this evening and join the debate on Motion 507, school lunch program funding. Albertans are enjoying the most prosperous period in our province’s history. Energy prices are at a record high, the provincial debt is gone, and our labour climate is attracting people from around the globe. As we enter our second

century, we are doing so with every possible financial advantage. This prosperity cannot be considered universal, though, unless every Albertan has the opportunity to benefit from it. It is an unfortunate fact, but it is a fact nonetheless that despite the favourable economic climate in Alberta, there are some people that are not benefiting. They haven’t been left behind. They simply haven’t had the opportunity to catch up yet.

Mr. Speaker, it’s often easy to pass judgment on those who aren’t doing well, but I have seen it happen time and time again in my own constituency, with the operative word being “time.” A great deal of my constituents are recent immigrants to Alberta. Often they come from other nations or other cultures. I know from personal experience just how hard it can be to immerse yourself in the job market of a foreign country. It doesn’t happen overnight. This adjustment period takes time, and this time can be difficult for most families. I’m always amazed by the dedication and perseverance of new Albertans that live in my constituency. They often work 16 hours a day, seven days a week in an attempt to make a better life for themselves and their families. Sometimes, however, ends don’t always meet, and all too often a family’s children suffer as a result.

Mr. Speaker, we all know the value of good education. I think we also know that to take advantage of Alberta’s top-notch education system, children need to have their basic nutritional needs met. A mind can’t be filled when it’s attached to an empty stomach, but regrettably some children still go to school hungry and come home hungry afterward. Motion 507 is proposing that a school lunch program be funded for at-risk children, an idea that I think has the potential to build on the already strong commitment to the well-being of Alberta’s children and families shown by our government. It is an idea that gives us the opportunity to do better.

I know, Mr. Speaker, that we have in place several excellent programs for assisting those who are economically or socially disadvantaged. These programs work, but there are still children falling through the cracks. There are still children who go to school hungry. This is not because they have bad or abusive parents. If this is, in fact, the case, then we have several laws in place to put a stop to this behaviour. Perhaps the family’s breadwinner is sick and unable to work. Perhaps an emergency has come up to deplete the family’s savings. Whatever the reasons are, good, hard-working people can sometimes find themselves financially unable to cope with the day-to-day needs of their families.

I think that providing children with a good and nutritious lunch at school would go a long way toward alleviating the concerns of a child’s family. It would be one less thing for parents to worry about as they regain their financial footing, and it would represent a hand up instead of a handout. The benefits would be so obvious. Children would concentrate on their studies instead of their stomachs, and the financial and emotional burden on parents would be eased without any of the stigma that is, regrettably, so often attached to traditional social assistance.

Mr. Speaker, in a province with the wealth of Alberta I think we must make every effort to ensure that every Albertan is given the opportunity to prosper. We can’t forget that as we move forward, there are those who are falling behind through no fault of their own. They work hard, they try their best, but sometimes they and their families need a little help, and we should provide it. I think that funding for a school lunch program as proposed by Motion 507 will ultimately be a good investment. The children of Alberta, regardless of the social or economic standings of their parents, deserve every possible advantage that we can offer them. A school lunch program is a good way of doing so. It will help Alberta’s at-risk children take full advantage of their potential, and a better and brighter future will be the result.

Mr. Speaker, this is a goal that I believe should and does transcend party lines or ideological differences, and as such, I am pleased to support Motion 507.

The Deputy Speaker: The hon. Member for St. Albert.

8:30

Mr. Flaherty: Thank you, Mr. Speaker. I was very encouraged to hear those fine remarks from the Member for Calgary-East, I believe it is, very encouraging. It shows he's done his homework.

I have in my career, Mr. Speaker, been a teacher, guidance counsellor, superintendent of schools, janitor, associate superintendent of schools, school trustee, and I can tell you that there are a lot of children that go to school hungry. One of the things we talk about in Alberta is giving everyone an equal opportunity. I think it's important that we do this, and I can't think of a more suitable way of doing this than providing kids with the proper nutritional programs in our schools.

I think that it's significant, though, that we have a program that is based on some sound principles, that the program that we would implement has some nutritious and safe food values, is accessible and nonstigmatizing, is community based, is culturally appropriate, has parent and family involvement, has a nurturing and caring environment, and has a potential to teach, not only in the sense of meeting the children's needs from a dietary point of view but also of being carried back into the home and the parent and family values of what to eat and not to eat. The aspect that we're looking at is a shared funding proposal, and it's also an education for the public.

The question of costs was talked about by a member across the way, and one of the ways we could start this is to probably look at \$10 million. If we looked at \$10 million for our program to start, we would look at 91,000 children each day getting snacks; 59,000 children each day would be getting breakfast, and 25,000 children each day would be getting lunch.

It was interesting in our visit to Fort McMurray, Mr. Speaker. We visited the Clark school. A really interesting program there in their elementary – I believe it was grade 1 to grade 8 or 9. The food for that program was supplied by a large oil company in Fort McMurray. The students at Keyano College would come in at noon and serve the program to the kids, and there was some learning going on. I think that's a tribute to the volunteer component and the community and the oil companies working together.

One other aspect. In my constituency, St. Albert, at Sir Alexander MacKenzie I had the opportunity to see the children with special needs preparing the breakfast program every morning at 8 o'clock. These children prepare the program for the students that take advantage of the breakfast program there. So there are lots of good things going on now.

Now, if we wanted to look at pie in the sky and if we looked at doing this across the province, \$40 million would give snacks to 364,000 children and breakfast to 236,000 children and lunch to 100,000 children. That's what it would cost, Mr. Speaker, to initiate this program across the province and make Alberta significant in looking after the dietary needs or the nutritional needs of our children.

I had the opportunity today to look at the research by the Canadian Research Institute for Social Policy. It talks about healthy schools, nutrition, and physical activity. Now, I'm pleased to say that this government started a program I think a year ago of a half hour of daily activity in physical education. I think it's going over well, but we have to look at that as one part of the cycle. It seems to me that it's important we look at the other aspect of nutrition.

There's a study done by Taras and Potts-Datema, 2005: 19

published studies "link participation in school breakfast programs with increased achievement as measured by standardized test scores and grades." Now, maybe we can get rid of the standardized tests.

Participation in school food programs has also . . . shown to have a positive effect on psychosocial outcomes, leading to lower levels of anxiety, hyperactivity and depression. Other factors, including absenteeism, tardiness, class participation, and suspension rates are affected positively

by having a nutritional program along with a good physical education program.

Research also shows that student achievement can be maintained if schools provide more opportunities for physical education, even if class time for academic subjects is cut back. Physical activity can help increase students' ability to concentrate and reduce disruptive behaviour, which can have a positive impact on academic achievement.

So what we're saying here, Mr. Speaker, is that if we combined both the physical activity and the nutritional programs, I think we would be doing a lot for our students. I think we'd also be tackling the whole question of obesity that we have across Canada, not only in our students but with some of our politicians. We'd be doing some real headway there because by example we teach. I think we have to do a lot of work on that in terms of setting good examples for many of our constituents. So this program, again going back to cost, would cost \$2 per student per day. I think that's also very significant.

Let me then look at a few other things here that I think are significant. If I can just quickly turn to your area of the province, Mr. Speaker, if I'm not mistaken, this Westglen principal – am I allowed to say the principal's name in the House? I think his name is Phil Corning. "Westglen School is a Grade 5 to Grade 8 Middle School in Didsbury, consisting of 330 students from all walks of life. There is a heavy emphasis on reading and writing in this school, as I understand it, and "all students ages 10 to 14 are usually hungry all of the time," it says here. At this particular school, which you're probably much more aware of than I am,

Breakfast for Learning provided the school with the opportunity to test and prove this theory. In 2004, Westglen School successfully implemented their "Food for Thought" breakfast program using the funds from BFL along with community donations and hundreds of hours of volunteer work.

Now, what was interesting:

Staff invited a number of "Interesting" Grade 8 boys, who tended to frequent the office for a variety of reasons, to help with the breakfast program. The boys took a lot of ownership in the program, and soon took over the distribution of food, being ever watchful over the especially needy students. The boys instinctively knew who to watch out for and took care of them with kindness, courtesy, a good sense of humour, and always with a sincere concern for every child's well-being.

This service learning has become an integral part of this school, sir.

The most compelling argument in favour of the "Food for Thought" BFL program is its connection to student results. Westglen has a large population of special needs students who have difficulties with reading. A study of the Provincial Achievement Test results showed an overall improvement in all test areas. Mr. Corning [the principal] believes that these results came from both the strong emphasis on teacher training in Writing and the [special] nutrition program. The staff noticed a more alert student population once the no "junk food", no soda pop, and healthier snack choices were initiated. "The Breakfast for Learning funding has helped us anchor our nutritional program by beginning each day with something substantial".

So what I'm saying, Mr. Speaker, is that the evidence seems to be leaning to not only better academic achievement in school and a better knowledge of what's proper to eat but also enabling them to get more out of school attendance-wise and so forth. I think it

speaks for itself that we look at this program and hopefully support it by supporting this motion.

Thank you very much, Mr. Speaker.

The Deputy Speaker: The hon. Minister of Education.

Mr. Zwozdesky: Thank you, Mr. Speaker. I want to thank all members who've participated so far in this debate because I don't sense that anyone here would be opposed to what the gist or what the thrust is behind this motion, minus some of the rhetoric that was provided by the mover. But that having been said, I know that his intentions are quite honourable, I'm sure.

You know, Mr. Speaker, we've heard this issue raised here in this House in question period and in various other debates. At some point I think we also have to talk about the other side of this equation. That other side of the equation is: who is ultimately going to be responsible for clothing and for sheltering and for feeding and for otherwise caring for and rearing our children? Obviously, nobody likes to see kids undernourished or live without shelter or without clothing or warmth or without the so-called basics of life – nobody wants to see that – but so too is it important to continue cultivating a culture where people take responsibility for some of life's needs, particularly when it comes to children.

8:40

In our government we have a number of outstanding programs in Children's Services or in the Department of Health and Wellness, for example, where we care for children, where we help them out, where we help families out. We have some of these programs, also, that we copartner with these ministries from the Department of Education's perspective. We have a number of other programs that are part of our social safety net in the Ministry of Human Resources and Employment.

I just want to give people at least some level of comfort to know that approximately 70 per cent or perhaps even more of our school boards already provide some form of partnership programming for breakfast programs or hot lunch programs or snack programs or whatever have you. Quite obviously, they use our government-provided monies in most cases to help support those programs, and that's not a bad thing whatsoever. The fact is, though, Mr. Speaker, that they do that as part of a nonmandatory address to local needs. We have other parts of the province where some school boards don't particularly have that need, so they may not choose to provide it. But they do this in partnership with community-based agencies and volunteer organizations who, according to the letters and phone calls that I've had at least, are quite proud and quite pleased and honoured in some cases to provide that kind of partnership program. So there's nothing wrong with what the hon. member is presenting here in this motion other than he is suggesting that it be made mandatory. Dedicated funding I believe is the wording he's using.

Now, I want to also emphasize, Mr. Speaker, that school boards asked for and want flexibility with monies that come from the Department of Education – in other words, from the government of Alberta – because Alberta Education, as you will hear tomorrow when we discuss estimates for the Department of Education, is essentially a flow-through arm of government. About 98 per cent of the \$5.3 billion that we will provide to education this year will flow right out to school boards, and they will decide how to use it. That's pursuant to the renewed funding framework. So flexibility is what they want. They want to be able to address their local needs as they see fit, and we continue to allow them to do that. There are very few examples where we dictate how monies ought be spent or where we provide so-called labelled or targeted dollars.

That having been said, Mr. Speaker, we need to be reminded again that we are privileged to live in this province and in this country. But in this province in particular, in terms of education, we provide the most money per capita of any province in Canada for education. We provide the most money per student of any province in Canada. In fact, we spend about \$26.5 million each and every school day to help support the best education system in Canada and one of the best in the entire world.

To quote the hon. member's motion back, just a couple of quick comments here. "Be it resolved that the Legislative Assembly urge the government to support improved health," et cetera. We're already doing that. We're already supporting improved health initiatives, many of them. Then he goes on to say "improved educational," et cetera. We're already doing that. This year's budget contains 330 million brand new additional dollars, Mr. Speaker.

Then the motion goes on to say "social outcomes," and we have higher social outcomes resulting from these investments and from other partnerships that we're already providing not only in education but for the whole nine yards of government.

Then he goes on to say "by providing increased," et cetera. We are providing increased dollars, Mr. Speaker: 330 million increased dollars. Now, nobody is bragging about that, and nobody is complaining about that. That's just the fact. We are providing the money that is necessary to continue providing the outstanding educational opportunities, but we do it with our partners, the school boards. They, in turn, want the flexibility of allocating those dollars as they see fit to meet the local needs because, after all, they are locally elected officials just like we are. They're doing their job, we're doing ours, and so are the other levels.

Now, the other part here is to do with "dedicated funding," and that's where we need to draw a bit of a distinction, a bit of a fine line, which I've already commented on earlier. I'll just move on quickly because time is ticking away here.

The motion ends by talking about "at-risk children." Mr. Speaker, we are providing a number of services already not only to help identify at-risk children earlier but also to provide earlier intervention and to provide additional programming dollars that would help with earlier detection and screening as well. We've just done that with the announcement of 22 brand new parent link centres as recommended by the Learning Commission. That takes us to 36 important parent link centres. I can tell you that if the opposition members would only do just a day's worth of homework, they would be absolutely amazed, not to mention impressed, with the results coming out of those particular parent link centres.

In special needs we're providing almost \$400 million in this coming budget, assuming it gets passed tomorrow. We're providing additional dollars for ESL children, which some other members commented on. We're providing additional monies for First Nations, Métis, Inuit children. We're into hundreds of millions of dollars here, Mr. Speaker. There's a lot of money in the system, a lot of money, but it's the school boards who will target those monies at the local level after we've provided them.

So I am sympathetic to where the hon. member is coming from and, for that matter, to where even one of the NDP members is coming from. I could probably even support an amended version of such a motion if it weren't rather entirely politically motivated on the one hand and if it weren't worded in a mandatory fashion where school boards were being forced, were being mandated, were 100 per cent required to provide the kinds of programs being asked for here. [interjections] School boards are doing a pretty good job in that respect, Mr. Speaker.

The Deputy Speaker: Hon. members, the hon. Minister of Education has the floor. Let's hear what he has to say.

Mr. Zwozdesky: Yeah. Thank you. I listened very quietly and very competently, I hope, to what they had to say, and it's too bad they don't afford the same respect in return sometimes.

Now, what I'd like to just wrap up with is just to reiterate that nobody is going to try and tell me, after having grown up in a small community of 200 people, how important it is for people to care for themselves and how important it is for children to not go hungry and what the linkages are between education and a full stomach and so on. I don't need that lecture, Mr. Speaker. I know very well what the implications and consequences are, but so, too, is it important to realize what the responsibilities are of other people.

Now, the final point is that we want to also comment on some of the other programs that are available here, for example our AISI programs, where we provide \$71 million for some creative, innovative-type programming. I think it's important for the hon. members to overcome some of their own ignorance and realize that we have hundreds of millions of dollars available in the system and school boards want that flexibility.

It will be very difficult for me to support this motion, and I'm sorry I can't support it because of the way it's worded.

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

Mr. Bonko: Thank you, Mr. Speaker. I was afraid we might run out of time on that particular piece on 507. I will read, in fact, the motion, and it does say:

Be it resolved that the Legislative Assembly urge the government to support improved health, educational, and social outcomes for children by providing increased, dedicated funding for school nutrition programs for at-risk children in Alberta.

Now, that doesn't sound too politically motivated to me. That sounds like a real, honest to goodness thing that's trying to help all children in Alberta.

8:50

I do support this particular piece. It seems like it's a no-brainer here. If we can in fact dedicate \$1.4 billion in resource revenues to every man, woman, and child in Alberta, then surely we can come up with .1 per cent of the overall operating budget within our province. Point one per cent is not very much money there, Mr. Speaker. Point one per cent would actually provide snacks to approximately 364,000 children each school day. Point one per cent of the budget would provide breakfast for 236,000 children each school day or lunch to 100,000 children each school day. I'm talking .1 per cent, a very small number when you think about the vast majority that we do have in our province.

We talk about the Alberta advantage. We'd like to ensure that everyone receives the Alberta advantage. No matter how bad or how big or how small that individual is, they should be able to receive that Alberta advantage. We talk about how Canada is, in fact, the country of opportunity. Well, let's centre it to the richest province in that opportunity, and that's Alberta. If everyone is not receiving that opportunity, then the Alberta advantage is not being fulfilled.

We talk about the fact that it maybe only costs \$2 per day. Meals in Edmonton public, or at least in Edmonton, are provided by the hospital kitchens. They're delivered to the schools. Paid workers from the local community are used to deliver and to serve the students, and then the hospital provides and cleans up all the dishes and utensils.

As a school trustee previous to coming here to the Legislature, I

do feel very honoured to be able to speak to some of the initiatives that the school board does in fact put forward with support from the communities. You have the city centre education program as well as the City Centre Church program, which do see the benefits of being able to help the students within the communities. It's not necessarily that they may be from single-parent families. They could be from two-parent families. The point is that they're going to school hungry. They have a choice? I don't think so. The choice is: they go to school.

I know that there are many, many teachers who do have their hearts in their jobs as well as bring extra meals not only for themselves but for the students that they know go hungry. I think that is very admirable. They don't have to do it. They probably have children of their own that they're providing for, but they're providing for other students whom they know don't come from a great background. That's unfortunate, but they're taking the initiative. As we always say, it's that proverb: it takes a whole village to raise a child. Well, the students are seeing the benefit from that from the school. The teachers live and breathe right there. They're trying to impact it directly.

At Edmonton public schools, like I said, we have many, many kids there. It may not just be from the lowest area; it may be from just a little bit outside that area. But there are students going to school hungry. It's not just in Edmonton. It's in rural areas, where you see an increase in food banks popping up over the last year. We've seen an increase and a need for food banks themselves to sit in the rural areas and in the city areas. So it's not like it's just suddenly appeared. It's becoming an epidemic that people are going hungry, and that's not fair when we talk about the richest province in Canada.

All other provinces except for Manitoba and Alberta provide targeted-support school nutrition programs. I think that's worth repeating. All other provinces except for Alberta and Manitoba provide, in some way, targeted funding for that. I think it's sad that we can't do that. We can give bursaries to other provinces. We can give money to very worthy causes. We have tsunami disaster relief, but we can't take care of our own. I think that's really sad.

We've heard from members opposite who do support it, members that would actually consider making an amendment to it. The point is that we need to ensure that our most vulnerable citizens, our children, are supported. It would be an honourable thing, and it doesn't have to be politically motivated. The Speaker says it in his prayers: let us all come together for the good of all when we do our deliberations, when we do our debates, such that all would be served. I think this particular motion would ensure that all would be served if we support this particular piece.

Thank you, Mr. Speaker.

The Deputy Speaker: The hon. Member for Leduc-Beaumont-Devon.

Mr. Rogers: Thank you, Mr. Speaker. I rise to speak to Motion 507, and I want to thank the hon. Leader of the Opposition for his motion. I think the goal is laudable. I have to say, though, that I believe that the methodology is flawed.

I don't believe that we need wholesale programs in our schools, Mr. Speaker, to feed children. I agree with the member that at-risk children should be supported. He suggests targeted support. I would suggest maybe a program that is run through our local health units that works with these at-risk children through the education of their parents on nutrition programs. Where necessary, I believe that assistance could be provided, targeted assistance to these families – and I would agree with the hon. member that no one wants to see

children arrive at school hungry – to ensure that these children would not arrive at school hungry and that they would be fed and ready to learn.

Mr. Speaker, wholesale programs in the schools, I believe, can have an unintended impact probably counterproductive to that which the member is hoping would be garnered, where children who are poorly nourished would feel shy to be identified, to be singled out to participate in these programs. On the other hand, we could see these programs feeding larger numbers of children in an effort not to single out specific children. I would suggest that an unintended consequence of this is that we would have a number of parents – and I think one of the speakers earlier talked about the responsibility that we have to nurture and prepare our children for school – who would send their children to school hungry, unfortunately, because someone else will feed them. I don't think that's the type of society that we want to encourage.

Mr. Speaker, I laud the intent of the motion by the hon. member, but I cannot support his methodology. Thank you.

Ms Evans: Mr. Speaker, I'm going to make a couple of observations. When I held the portfolio as Minister of Children's Services, at-risk children were defined as those who needed the protection of the state because, in fact, they were at risk of some harm. One might assume, then, that those that would be at risk would be those that were from homes where there was poverty or family violence or some other type of social behaviour that would predispose a child to being at risk. In fact, one of the things I learned during my tenure in that capacity was that the poor have very little. The poor have their children and families. They love them a great deal, and they are very often the ones that pay most attention to feeding their children properly and appropriately.

Sometimes those in homes where affluence is prevalent, with two cars in the driveway, perhaps a boat or a motorhome, are more at risk because, in fact, their children are assumed to be intelligent enough to get their own food after they go to school, and they're left to their own devices. It was a great shock to me to knock on doors of wealthy homes at suppertime during the time that we were campaigning and find children still at home alone because families hadn't returned to feed their child. So I realize that at risk does not know any socioeconomic barrier in the strictest purpose of at risk.

What I would encourage all hon. members to do would be to take a look at a program that Sandra Woitas has been very involved in here in this capital region which is teaching both the parents and the children about proper nutrition, and after a two-year pilot has in fact advanced the case that they can influence feeding behaviours and food choices so that children are less likely to be predisposed to diabetes or some of the other things that poor nutrition will precipitate, including obesity. Perhaps in actual fact what is really needed for children in schools is a proper understanding of their own nutritional needs and what fuel it takes to keep that little body and engine burning. If you teach a child about good nutrition, it may be of greater advantage than actually providing them with the food.

I'd like to just also make one other observation. In the early '80s, when I was president of the School Boards' Association of Alberta, the issue of feeding children at school came to bear. Inevitably, many of the school boards rejected it at that time because of the feeling that if the dollars were available, they should be available to serve the three Rs, the basic needs of educating the students, and that the parents themselves were responsible for providing the lunch and ensuring that the child had a good breakfast, lunch, and supper, proper rest, and the other needs, that we should not in fact attempt to make schools all things to all people. I think that that has become increasingly a pressure on our teachers. So if one could frame a

motion to the effect that the expectation would be that no dollars would be subtracted from the educational needs of the students, that might be an interesting position to take.

Lastly, Mr. Speaker . . . I thank you for this privilege.

9:00

The Deputy Speaker: I hesitate to interrupt the hon. minister of health, but under Standing Order 8(4), which provides for up to five minutes for the sponsor of a motion other than a government motion to close debate, I would now invite the hon. Leader of the Official Opposition to close debate on Motion 507.

Dr. Taft: Thank you, Mr. Speaker. I've listened to the debate, and it's been a spirited debate. I appreciate everybody's participation although I found myself disagreeing, sometimes vehemently, with some of the comments that were made.

There were questions to me, after my opening remarks, about details, and my colleagues provided many details on issues like cost, the fact that the Edmonton program runs for an average of \$2 per student per day. Two dollars. A toonie a day: that's what we're talking about for each student. This is affordable, Mr. Speaker.

There were questions around how extensive this problem is, and I think that's a good question. It's not an easy one, necessarily, to pin down, but in 2003, for example, over 10 per cent of Alberta families with two or more children were living below the low-income cut-off, considered in poverty. That level is steadily increasing and, I don't doubt, has continued to increase. Over 54,000 Albertans rely on food banks, and 1 in 5 children live in poverty, facing a continually rising cost of living.

Mr. Speaker, this is a widespread problem. In fact, in doing some of our background research, we spoke to a representative of the Greater Edmonton Alliance who referred me to a parish survey done by one of the major churches in Edmonton. It found that school hunger is far more widespread than we would assume, that this is not just limited to particular neighbourhoods or particular socioeconomic statuses or groups. In fact, it's surprising how many kids from apparently prosperous families end up in school hungry.

So this is a significant problem. It's a serious problem with long-term consequences. It's widespread. It's not costly to correct, and indeed I put it to all of us here that the money put in to address this problem will pay itself back over and over and over as those children grow into adults.

Mr. Speaker, I would ask all the members here tonight to consider supporting this motion. It's a motion specifically written, despite the comments of some members, to focus on at-risk families. There's nothing mandatory about this despite the comments from the minister. Indeed, I would ask the minister to consider a moral test because he was asking the question: who is responsible for feeding children? Who is responsible for clothing and housing them? The moral test for the minister to consider is that if a hungry or naked or homeless child was on his doorstep with no options, would he feel compelled to look after that child? I speculate that he would, and I speculate that all of us here would. It's a different situation when we're dealing with hungry children and clothing and sheltering children than when we are dealing with options like a child looking for tickets to tomorrow night's hockey game, for example. That's not a moral issue, but it is a moral issue to feed those children. I ask the minister and all members here to consider that issue as they weigh how to vote on this.

I think that all of us here, despite our differing views, would agree that children in Alberta should not be in school hungry. I think the solution to this problem is apparent. It's affordable. It's before us. It's within the hands of this government to take this problem and

solve it or to take this problem and ignore it. I put it to you, Mr. Speaker, and I put it to all of us here tonight that it is our moral duty – our moral duty – as leaders of this society to take this problem and solve it.

Thank you, Mr. Speaker.

[The voice vote indicated that Motion Other than Government Motion 507 lost]

[Several members rose calling for a division. The division bell was rung at 9:06 p.m.]

[Ten minutes having elapsed, the Assembly divided]

[The Deputy Speaker in the chair]

For the motion:

Amery	Flaherty	Miller, R.
Backs	Hancock	Pastoor
Bonko	Mar	Swann
Cao	Mason	Taft

Against the motion:

Ady	Jablonski	Oberle
Boutilier	Knight	Ouellette
Coutts	Lindsay	Prins
DeLong	Lougheed	Rogers
Doerksen	Magnus	Snelgrove
Evans	McFarland	Stevens
Goudreau	Mitzel	Tarchuk
Groeneveld	Morton	Zwozdesky
Haley		

Totals:	For – 12	Against – 25
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[Motion Other than Government Motion 507 lost]

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

Bill 24

Fiscal Responsibility Amendment Act, 2006

[Adjourned debate April 12: Mrs. McClellan]

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

Mr. R. Miller: Thank you very much, Mr. Speaker. It's my pleasure to rise this evening and speak to Bill 24, the Fiscal Responsibility Amendment Act, 2006, as opposed to 2005, 2004, 2003, 2002, and so on and so on and so on.

Mr. Speaker, Yogi Berra said: it's just like déjà vu all over again. When we look at the Fiscal Responsibility Amendment Act, Yogi Berra was right. Year after year after year this government comes to this House with an amendment to the Fiscal Responsibility Act asking Albertans to allow them to spend ever more of our nonrenewable resource revenue. This flies in the face of what Albertans are telling this government. It flies in the face of what I've been saying for the last 18 months, since I was elected. It flies in the face of what the Canadian Taxpayers Federation is telling this government. It flies in the face of what the Canadian Federation of Independent Business is telling this government. It flies in the face of what the Alberta chambers of commerce are telling this government. It flies in the face of what the editorial boards of both major newspapers are

telling this government. It flies in the face of what Link Byfield, of all people . . .

An Hon. Member: A small "I" liberal.

9:20

Mr. R. Miller: I wonder what Link would say if he heard that we referred to him as a small "I" liberal.

It flies in the face of even a number of the candidates for leadership of the Conservative Party. Mr. Speaker, it's not just myself, a lone voice out in the wilderness calling for some vision out of this government, some long-range planning, some real concrete road map as to where we're going to go with the future of this province, how we're going to take advantage of the absolutely unbelievable opportunity that we have had laid before us. In fact, it is people across this province from every political stripe.

I'd like to touch on that for just a second too, if I may, Mr. Speaker. In the 18 months since I've been elected, I've had the opportunity to travel, not a lot because, frankly, we don't have much of a travel budget, at least not on this side of the House. But in the little bit of travelling I have had to do, certainly I've spoken to as many Albertans as I possibly can, and I've not yet found one who disagrees with the idea that we need to have a real vision, a real plan, a real concrete road map for how we're going to treat this opportunity that we have in front of us with natural resource revenues literally providing us more money than any of us could have dreamt about. It doesn't matter whether they're Liberal supporters or lifelong Conservative supporters or otherwise. They're all saying the same thing. I just honestly cannot for the life of me imagine why this government hasn't heard that. At least, if they have heard it, they've chosen to ignore it.

Here we are again this year with the government asking to be allowed to spend in this case now up to \$5.3 billion of our natural resource revenues, and only a very short three years ago, Mr. Speaker, that number was \$3.5 billion. So in three years' time we've seen a 51 per cent increase in the amount of natural resource revenue that they're wanting to spend. At the same time, we all know and this government has acknowledged that this boom is not going to go on forever. These numbers that we're seeing are not going to be here forever. In fact, in their own budget documents this year, as an example – and I'll just pull one out – synthetic crude and bitumen royalties are forecast to drop from \$1.7 billion to \$1.3 billion in only two years' time. Now, I'm not sure why that is. They talk in here about: "Adjustments within the royalty system to treat all projects on a similar basis are expected to take place." I'll be asking the minister about that when we get to the budget debate.

The point is that even their own planning is acknowledging the fact that this is not going to go on forever, and in fact perhaps it's not going to go on for very long. Yet they continue to put themselves in a situation where they're ever more reliable on this resource when economists the province over and the country over are saying that now is the time that we have to use some forward thinking and set some of this aside so that not only will we benefit from it, but in fact future generations will benefit from it as well.

Now, Mr. Speaker, last week the Leader of the Official Opposition released a number of documents entitled Alberta Horizons: The Time to Dream is Now; The Place to Dream is Alberta. It was very interesting to me to see that, in fact, these documents were very, very well received out there in the real world, outside of this dome, across Alberta. Even editorialists who would not normally speak out or write in favour of the Official Opposition of this province gave our leader, the Member for Edmonton-Riverview, and the Official Opposition caucus tremendous credit for coming out with a docu-

ment which reflects some policy but probably more importantly reflects a number of ideas that Albertans can be discussing, that sort of throws some ideas out there and encourages input and feedback.

I think it's fair to say that almost across the board we've been applauded for trying to spur this dialogue forward. I'm really pleased to see that there are people in this province that are, you know, acknowledging the good work that we're doing and are looking forward to participating in that. I think it's a very important exercise, Mr. Speaker, and I'm sure it will produce tremendous results, and I don't mean just for the Liberal opposition although certainly that would be a nice side benefit. I believe that it will produce tremendous results for the future of this province, and that is really what it's all about.

One of the ideas that's suggested in there – and it's not a new idea; it's something we've been talking about for some time, and certainly it's something that many of these groups that I mentioned a few minutes ago have also talked about – is the idea of setting aside some resource revenue, making it a legislated mandate to set aside resource revenue as opposed to the sort of helter-skelter, ad hoc manner in which the government treats resource revenue right now.

The Official Opposition – and I'm sure that all members are aware of this; we've talked about it a lot – does currently have a surplus policy which would deal with surpluses in the following manner, Mr. Speaker. Thirty-five per cent of all budget surpluses would be allocated to the heritage savings trust fund, and that would mean that that fund would actually have a chance to grow as opposed to the manner in which it's been decimated by this government over the last 20-odd years. Thirty-five per cent of all budget surpluses would go into a postsecondary endowment fund. This year alone that would mean that \$3.5 billion could have been allocated to that fund as opposed to the artificial \$3 billion cap that this government has put on the fund. Even with this year's budget we'll be well under a billion dollars still in there, I think. The number is \$750 million, if I remember right. Twenty-five per cent of a budget surplus would go to address the infrastructure deficit and the remaining 5 per cent to an endowment fund that would endow the soft sciences, the arts and humanities.

We recognize, as have many others, that a surplus policy is vulnerable to off-budget spending and doesn't necessarily accomplish what is really the potential given the situation that we find ourselves in now. As a result, I would think it's fair to say that we're leaning more and more towards a nonrenewable resource revenue policy, as has been suggested by many others. The number that we mention in this document, Alberta Horizons, is one-third. That doesn't mean that we're married to one-third, but it throws it out there, and according to most of the numbers I've seen, one-third is doable. It's quite feasible.

The Canada West Foundation has done a tremendous amount of research on this. Several economists have contributed. Dr. Ronald Kneebone, in a recent publication entitled *Seizing Today and Tomorrow*, goes through the past 23, 24 years identifying the amount of natural resource revenue that would be available for savings. In the last five years, which are the most relevant, I think, given where we're at right now, the average amount of resource revenue that would be available for the savings is 45 per cent, based on Alberta Finance's own numbers. The lowest was for 2002 – this was the year following the 9/11 disaster – and even that year 22 per cent would have been available. Every other year the lowest number was 42 per cent.

It's clear to me that if you were to pick a reasonable number, somewhere below 40 per cent, it's doable. If you pick 30 or 33 per cent, I would argue that it's very doable. If you wanted to be very

small “c” conservative, you could do as Alaska does with their fund and drop it down to 25 per cent. But, Mr. Speaker, the point is that this is a conversation that Albertans need to be having, that they are starting to have based on the comments that I've heard as I travel the province. The benefits of adopting such a policy are unquestionable whether it be something like the Alaska permanent fund, where they rebate a portion of that savings back to the people, which, as you all know, is not my first choice, certainly, but it's an option, I suppose, or whether it be to establish endowment funds and set aside billions of dollars in savings accounts that can benefit us today and in the future, as I've already outlined. There's no question that saving some of this revenue is so terribly important.

9:30

I've talked before about the fact – and I really believe this to be true – that 23 years post the last recession here we are today evermore dependent on the oil and natural gas sector than we were then. My fear is that we really have not learned the lessons of the early 1980s, that we are as vulnerable, if not more so, today to another such recession as we were then. That causes me unbelievable concern because I lived through that time, as did probably most members in this House.

I was newly married and had just purchased a home and was operating a small business that was fairly heavily financed, and I know how difficult those days were. We were fortunate. We were able to pull ourselves through that time without having to walk away from property, selling it for a dollar as many did, without having to pull up roots and go back to what might have been our home province because we simply couldn't make it here anymore. I would be loath to see those days happen again in Alberta, but, Mr. Speaker, it's not unimaginable. One thing we can certainly do to protect ourselves against that is to start thinking in the way of enduring prosperity, and I do not believe that this current government has really taken any serious steps towards that.

You know, just looking at the numbers here as I prepare for debate on Bill 33 and Bill 34 tonight, the Alberta Personal Income Tax Amendment Act, 2006, and the Alberta Corporate Tax Amendment Act, 2006, I note in there that personal income tax will account this year for approximately \$6 billion in revenue to this government. Well, Mr. Speaker, it's not unimaginable that a fund built up from natural resource revenue could in a very few number of years accumulate to the point where you could put a serious cap on personal income tax and perhaps even some day eliminate personal income tax altogether. That's not unimaginable if we were to take advantage of the situation that we're in today.

We're collecting at this point only \$2.2 billion in corporate tax. It seems a little unbalanced there, \$6 billion from personal income tax and only \$2.2 billion from corporate, given the fact that we have some corporations in this province that are doing very, very well right now. But, Mr. Speaker, that's a combined total of only \$8.2 billion of the total revenue of this province that is coming from income tax of either the corporate or personal nature.

Again, if we were to start saving a large percentage of our natural resource revenue, it's not unimaginable that someday in the not-too-distant future we could put a very serious cap on and perhaps even eliminate those income taxes. You know, given the worst-case scenario that I was mentioning a few minutes ago, just think of the advantage that would give to this province if we could give our citizens, particularly our small and medium-sized businesses, that sort of an advantage. That would be the Alberta advantage.

It's just one of many ideas that are in this document Alberta Horizons. Again, I think it's incumbent upon all of us to be having that conversation, and I know that Albertans are having that

conversation. I know that because I hear it when I'm out there, and I'm sure members of the government side are hearing that too. But as a collective unit, as a government caucus they've not gone there yet. You know, I fully expected that we would see something in this year's budget documents that would move in that direction. Instead, what we saw is an increase to \$5.3 billion in the amount of natural resource revenue that they're allowing themselves to spend. They craft this in such a way – I love this. I talked about it last year too. They talk about limiting themselves to spending \$5.3 billion in natural resource revenue when, in fact, what they're doing is allowing it to grow from \$4.75 to \$5.3 billion.

Then they talk about the amount of money that they've got in short-term savings, Mr. Speaker. That money is in vehicles like the sustainability fund and the capital account, which by their own admission are short-term savings vehicles and, in fact, many would argue not much more than a government slush fund allowing them to announce projects in rural communities and make cheque presentations. Boy, I've seen an awful lot of these lately on the front pages of rural newspapers, with the local MLA standing there with a cheque that actually says the name of the constituency as if that MLA and his constituency somehow have the power to present millions of dollars from the constituency office to the particular project.

Believe me, I'm not speaking out against the need for improvements to a lodge in a small community, but it's the manner in which these cheque presentations are being done and the implication that somehow that particular constituency office is responsible for securing millions of dollars and there's a direct link between that particular rural MLA and the constituency office. The cheque that's being presented in this event has actually got the member's signature on it even in some cases. It's pork-barrel politics at best and, perhaps, misrepresentation at worst.

An Hon. Member: Name names.

Mr. R. Miller: I heard one of the hon. members across the way, Mr. Speaker, saying, "Name names." Well, you know what? I'll do better than that. We'll table copies of those newspapers in this Legislature, and you'll all have the opportunity to look at them. It is quite crass, to be honest.

Now that I'm on a roll, Mr. Speaker, I'm going to talk about an event that I attended on Friday where we were meeting with the Economics Society of Northern Alberta. The guest speaker was a gentleman by the name of Tony Morehen, who is the chief economist for Alberta Finance, a bureaucrat, I would point out, and not a politician, although you would never know it from the manner in which he spoke that day. I would have sworn that he was running for public office because he was more political than almost any minister could have been were they speaking there.

One of the things that he talked about – and remember that he's speaking to a room full of economists. This was quite entertaining, actually. He talked about this year's budget and the forecast for next year, and he talked about those two years having only – and he put a graph up on the screen that showed this – \$300 million of wiggle room, as he described it. The titters amongst the room were quite telling. I don't think he left that room with a lot of credibility because I think the economists in that room understood that there is somewhat more than \$300 million worth of wiggle room in this year's budget. The fact that rather than having come forward with a plan that would see some of this money set aside in a serious way as opposed to the short-term savings accounts, which allow the government to do such open-ended things as improve balance sheet line items as is described in the legislation, is astounding to me and,

as I say, I don't think bore a lot of credibility with the economists in the room either.

Well, would you look at that? I was just going to collect my thoughts for another comment. It appears as if I've run out of time for the time being, Mr. Speaker, but I thank you for the opportunity to have spoken to it.

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

Mr. Mason: Under a section of the Standing Orders, 29(2), I'm entitled to ask the hon. member a question, am I not?

The Deputy Speaker: We're not into Standing Order 29(2)(a) until after the next speaker.

Mr. Mason: Okay. May I be the next speaker then, Mr. Speaker?

The Deputy Speaker: Please carry on.

Mr. Mason: Thank you very much, Mr. Speaker.

Mr. McFarland: Maybe you can ask yourself a question.

Mr. Mason: That would provide, hon. member, not only an intelligent question but an intelligent answer.

Mr. Speaker, I'm happy to rise to speak to Bill 24. This bill is rather misnamed the Fiscal Responsibility Amendment Act, 2006. In 2003 the first version of the Fiscal Responsibility Act set the amount of nonrenewable resource revenue that could be accessed by the government for program spending at \$3.5 billion. In 2004 the act was amended and raised the limit to \$4 billion. In 2005 the act was further amended and the amount was set at \$4.75 billion. This act will raise the amount yet again, this time to \$5.3 billion. This is an enormous amount of money.

9:40

I guess someone might look at the books of the government, look at the tremendous inflow of nonrenewable resource revenues to this government and say: well, it's not really that much. But what the government has done is forgotten the basic principle of nonrenewable resource revenue, and that is that it is nonrenewable, yet it is being spent by this government as if it would be forever available. In other words, the government is basing programs on this revenue, very significant amounts of programs, that one day will not be supportable, will not be sustainable when this revenue is no longer there.

This reminds me of the very short-term thinking that prevailed in some quarters in this province in the late 1970s. We've seen, in fact, that under provisions of the Fiscal Responsibility Act the Provincial Treasurer of the time, then Pat Nelson, when there was a sudden drop in oil and gas prices, was forced by the act to order very, very quick cutbacks in spending, including preventative programs for at-risk youth and children, including aboriginal youth and children. It led to quite a response, particularly from the aboriginal community. We were just debating a motion that would have put in place the hot-lunch programs for children. If that were passed or if other programs are passed, they are put at risk by the government's growing dependence on nonrenewable resource revenue. We've seen even in the last few years the government having to make cuts to critical investments in young people in this province, at-risk children and youth, because of a drop in oil and gas prices. That tells me, Mr. Speaker, that we are already too dependent on these nonrenewable

sources for our program spending, and the government proposes to increase that dependence.

At the same time, Mr. Speaker, what the government is doing is cutting its sustainable tax base and has taken another step along the misguided route set out a number of years ago by then Provincial Treasurer Steve West to cut the corporate tax rate in this province from 15 to 8 per cent. There is, in fact, an additional cut in this budget of \$550 million in corporate taxes. This comes at a time when these corporations are earning record profits. Record profits. They're making more money now than they have ever made, and the government proposes to cut their taxes.

Now, I heard the Provincial Treasurer say in defence of corporate tax cuts – it was about a year ago, and I don't know the exact date – that the reason that they were introducing further cuts to the corporate tax rate was to stimulate the economy. So the Treasurer admits that cutting corporate taxes has a stimulative effect on the economy. I hardly need to point out that the economy is overstimulated and that small business and the public sector and some portions of big business are no longer able to get the labour they need or the materials that they need. Anyone who has tried to arrange house renovations, for just one small example, in the last year or so knows very well that the demand for goods and services, particularly labour, in this province is out of control, yet the government is offering a massive corporate tax cut which will give the biggest corporations an even greater advantage in accessing the limited labour and materials at the expense of other businesses that don't receive this and at the expense of individuals who don't receive this and at the expense of the public sector.

So it is absolutely the most irresponsible tax cut that this government has ever made. It's going to create more problems in the economy than we have yet seen. The dislocation caused by labour shortages and shortages of materials is already hurting the economy badly, and this corporate tax cut will worsen that far too much. So there's a corporate tax cut – I should correct myself. The corporate tax cut is \$265 million, and the additional take this year by this bill from the nonrenewable resource revenues is \$550 million.

Now, some others have had some points to make here, and I would quote some of those. The *Edmonton Journal* says that the point here is not that extra spending was unwise, but rather it makes a mockery of the budget process and, in the process, tends to obscure from view and insulate from proper debate in the Legislature the real rate of increase in spending. Another one, from the *Edmonton Sun*: the capital plan, another of those money pots that the Provincial Treasurer's predecessor, Pat Nelson, set up to make following the Tories' bouncing budget ball all but impossible. Another one from the *Sun*: hiding the surplus money in sustainability and endowment funds and the heritage fund doesn't make it any better; we're all for saving nonrenewable resource revenues, but it's starting to look like the government is creating endowment funds solely for the purposes of hiding surpluses and to avoid dealing with the political problems of having this kind of resources available.

Here's one from the *Edmonton Journal*: it's not that the Provincial Treasurer doesn't know what she's doing; it's rather that her government doesn't know what it's doing. It hasn't set out a detailed, workable, long-range plan to spend surplus money. It's not just spending on the fly; it's spending on the whim. And it goes on: the government is throwing money around like an armada's worth of drunken sailors, undemocratic drunken sailors I should add.

Now, Mr. Speaker, we believe that there should be a minimum of unbudgeted surpluses. It's the policy of the Alberta New Democrats that forecasts in costs or in revenues from oil and gas should be as accurate as possible, and we've shown in the past that we can more accurately predict those things than the government has. By simply

going to the experts in the field and taking a selection of their predictions and using those, we've shown that we can predict more accurately on the price of oil and gas than the government has.

Now, unfortunately, the Liberal opposition has based its financial policy on unbudgeted surpluses. In other words, they are assuming that there will be what we call planned unbudgeted surpluses, which sounds like an oxymoron, but it's really what the government has been doing. With their policy of one-third/one-third/one-third they build in an assumption that there will be unbudgeted surpluses. It's our view that all of the surpluses should be budgeted for as accurately as possible, and then you can decide what to do with it. To have deliberately unbudgeted surpluses is fiscally irresponsible in our view, and both the Liberal and Conservative parties are guilty of making that mistake.

The NDP believes very strongly that today's oil and gas resources, today's nonrenewable resource revenues belong to all generations and not simply this one, so they should not provide the broad base of government expenditures. Rather, the majority of those things should be invested in things which will position Alberta in the future so that the same prosperity that we enjoy today will be available to our grandchildren and to our great-grandchildren.

The government's policy is precisely the opposite. It is to consume and use the value of our nonrenewable resource revenues for this generation alone, and maybe some will be left for the next one and maybe a little bit for the one after. Our view is that almost all of that revenue needs to be invested in ways that ensure the environmental and economic and social prosperity of future generations of this province, and that is not what this act does. As a result, Mr. Speaker, we cannot support it, and we urge all hon. members to defeat it.

Thank you very much.

9:50

The Deputy Speaker: Before I recognize the hon. leader, hon. members, Standing Order 29(2)(a) is now available. Any questions or comments?

Seeing none, the hon. Leader of the Official Opposition.

Dr. Taft: Thanks, Mr. Speaker. It's a privilege, as always, to rise in debate on legislation in this Assembly. This is an important and major bill, and it's one with which we in the Liberal opposition have serious, serious issues.

As I read through and about Bill 24, I can't help but ask: what is the intent of this bill? Why is the government doing this? Why is it asking this to go through the Legislature? I can't for the world understand why this piece of legislation is before us. I worry about its impact. I worry about its intent. I think, in fact, this legislation is taking us as a province in exactly the opposite direction than we need to be going.

It's clear, as the two previous speakers have indicated, that we are on an unsustainable trend in our spending and in particular in our spending of nonrenewable resource revenues. We have a government that in 2004 allowed itself to spend 3 and a half billion dollars in nonrenewable resource revenues, in 2005 increased it to \$4 billion, in 2006 \$4.75 billion, and is now proposing allowing in 2007 \$5.3 billion in nonrenewable resource revenue expenditures.

We need, in fact, Mr. Speaker, to be taking our spending in exactly the opposite direction. I can tell you that an Alberta Liberal government would set the objective of breaking the provincial government's direct dependence on nonrenewable resource revenues. We should be aiming at taking that number not higher but lower. Indeed, we should be aiming at having a government that doesn't need to draw any direct money whatsoever from nonrenew-

able resource revenues because its financial situation is so strong.

This sets us up for long-term disaster, Mr. Speaker, so we will be strongly opposing this piece of legislation. There are four particular reasons that we will be opposing Bill 24. It's really no plan at all, is it? It's not sustainable. There's no intention here to build up savings, and it represents a breakdown of fiscal discipline.

I'd like to speak to each of those issues one by one. First, this government lacks a plan for Alberta's future. It's pretty obvious. It's widely recognized in the public, it's widely recognized in the editorial pages, and indeed it's widely recognized by this party itself as has been exhibited a few times in the last month or so.

We as the Official Opposition and as the Alberta Liberal caucus have put forward a surplus plan. As the Member for Edmonton-Rutherford indicated a few minutes ago, we are in fact reviewing that plan. The plan that we have stood behind to this point has served very well, but it's based on surpluses. It's based on 35 per cent of any surplus going into the heritage fund to ensure that Albertans can enjoy lasting benefit from the current energy boom, another 35 per cent going into a postsecondary endowment fund to achieve excellence in our colleges and universities and technical schools, and 25 per cent into a capital account to eliminate the province's very, very significant infrastructure debt, which ranges, depending on which government minister you're speaking to, anywhere from \$7 billion to \$12 billion. Finally, Mr. Speaker, our policy calls for 5 per cent of any surplus going into an endowment fund for the arts, humanities, and social sciences up to a maximum of \$500 million.

I won't repeat the comments from the Member for Edmonton-Rutherford other than to say that as good as that policy is and as useful as it has been, we think that it can probably be improved, and we will be looking at and debating whether we should shift it from a surplus-based policy to a policy based on actual nonrenewable resource revenues. But at least it's a policy, Mr. Speaker. At least it's a plan. At least it's a vision to say: "This is what we would do with surpluses. This is what we would do to convert Alberta's nonrenewable wealth into something permanent." We see nothing equivalent to that whatsoever, no plan really, from this government. This bill does not advance a plan, and that's one of the reasons that we're going to be opposing it.

Our second reason for opposing this legislation is that, quite frankly, it's not sustainable. Spending nonrenewable resource revenues is not a permanent solution. It's not bedrock upon which to build Alberta's long-term prosperity. All kinds of groups have pointed this out, and it only stands to reason. If we keep spending more and more nonrenewable resource revenue as fast as it comes out of the ground, when it stops coming out of the ground we crash, or just as likely when the price drops, we crash.

There is a better choice, and that is to take the example of Norway and save. Get aggressive in saving this wealth. That, Mr. Speaker, is the third reason that we oppose this legislation. This government is failing to adequately save resource revenues for current and future Albertans.

Actually, one of several groups commenting on this breakdown is the Canada West Foundation. It points out that prior to 2005 of the \$122.9 billion in natural resource revenues collected by the Alberta government from 1977 to 2004, over 91 per cent was spent. We're spending it as fast as it comes out of the ground, and that is brutally unwise.

So, Mr. Speaker, those are three of the reasons we're opposing this legislation. The fourth, frankly, is pretty straightforward: this legislation represents a breakdown of fiscal responsibility. There is no sense of discipline either in this legislation or, frankly, in the behaviour of this government. We need budgets brought forward,

and then we need budgets stayed with. We have a government that within hours of budgets being introduced has ministers who are openly speaking of off-budget spending. That is a breakdown of the most basic tool of public management, which is the control of your budget. This government has lost that control, and this legislation is merely one symptom of that loss of control.

Mr. Speaker, I think this will prove to be a defining issue in the coming months and years of this province. Do we follow the example presented by this bill and spend more and more of the capital that makes this province so wealthy, or do we take the opportunity we have right now and save that capital and have it there permanently, drawing down merely on the interest and the earnings of that capital forever? The Alberta Liberal caucus strongly endorses the latter position, and I would say to you that most opinion leaders and probably most Albertans will prove to agree with us. So rest assured that this bill will not receive our support. We as the Alberta Liberal caucus have a better plan.

On that, Mr. Speaker, I would like to move adjournment of debate.

Thank you.

[Motion to adjourn debate carried]

10:00

Bill 33

Alberta Personal Income Tax Amendment Act, 2006

The Deputy Speaker: The hon. Minister of Education.

Mr. Zwozdesky: Thank you, Mr. Speaker. It's my pleasure tonight on behalf of the hon. Minister of Finance to move second reading of Bill 33, the Alberta Personal Income Tax Amendment Act, 2006.

This bill has among its primary purposes, of course, to assist Albertans by increasing the income tax threshold from \$12,900 up to \$14,899, thereby allowing Albertans to earn more money and to keep that money before having to pay tax. The general thrust is therefore very positive. I'm hoping that other members here will see it in that same light, in that same way.

Thank you.

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

Mr. R. Miller: Thank you very much, Mr. Speaker. It's my pleasure to rise this evening and speak to Bill 33, the Alberta Personal Income Tax Amendment Act, 2006. I believe this bill has already been moved. Actually, the Finance minister spoke to it on the 10th of April, but I appreciate the comments of the Minister of Education. I guess it's been moved twice now. I don't know what that means if anything.*

Mr. Speaker, I've recommended to my colleagues in the opposition caucus that we support this bill. I think it's an opportunity to give a small, albeit very small, break to Alberta taxpayers. Given this time of plenty, it's not a bad idea that we do so although I would certainly submit that there would be better ways to do it. I outlined some of those earlier this evening when I was speaking to the Fiscal Responsibility Amendment Act, 2006, and my belief that we should be saving and allowing some of the resource revenue that we are experiencing right now to benefit not only today's Albertans but also future generations.

The proposal in this bill is to raise the tax exemption by \$100 when you take out the factor of indexing. Mr. Speaker, that, quite frankly, isn't going to make a lot of difference for a lot of Alberta families. Depending on where you fall in terms of your overall income, probably not much more than about \$35 per individual or

*See p. 1000, left col., para. 8

\$70 per family. It's not a lot of money and probably won't make that much difference, have that much of an impact on most families. I think it does allow this government to once again chant their mantra that the only way taxes are going in this province is down, and we've heard some of that. Really, it's virtually inconsequential.

The total cost to the government is \$77 million, Mr. Speaker. In light of the conversation we had earlier this evening on Motion 507, which would have seen us establish a province-wide hot lunch program, there were comments about what you could buy with \$10 million. Just imagine what \$77 million might be able to accomplish, and compare that to the inconsequential impact that \$35 is going to have on low-income individuals. I'd be willing to submit that most of those people would be willing to forgo their \$35 in favour of a program that would ensure that no child went to school hungry in this province. As I say, while I'm not going to vote against it, I really wonder if maybe it's a little bit misguided and if we couldn't have been a little more creative and a little more imaginative with what to do with \$77 million.

Having said that, Mr. Speaker, there are a number of other little things in here that are worth highlighting: the fact that we're paralleling federal legislation and allowing the increase in the deduction of medical expenses to go to \$10,000 from \$5,000. Certainly, there are many individuals and families in this province for whom that will be a benefit. Also, the addition of an adoption expense credit, maxing out at \$10,000 or the total of the adoption expenses, whichever is less.

Certainly, I know a number of families who have adopted. In fact, my parents adopted a young fellow who lived in our home for 10 years before we finally decided that there was no way we were going to allow him to be moved from the home, and we'd better make it official. So I have some experience with this. I know a number of families who have adopted children both from within Canada and a couple from overseas. I'm certainly aware of some of the expenses that can come with that, and the fact that we're going to parallel federal legislation and allow an expense credit for that is certainly something that I would be supportive of.

Mr. Speaker, we've talked a lot tonight and there's been a lot of conversation about a plan versus no plan or whether or not the budgeting in this province is worth the paper it's written on. I could go on and on all night about that. I guess, again, the fact that we're going to give a little bit back to some people, especially those in the lower income brackets who desperately need it even in a province experiencing what would appear to those on the outside to be absolutely incredible wealth. I'm not sure that the people in Ontario or Quebec necessarily understand the gravity of the situation that many, many thousands of people face in this province. The streets are not paved with gold in Alberta despite what, certainly, some people outside of Alberta think, and I think it's fair to say some members of the government caucus think. It's clear to us that there are families that are desperately in need of a little bit of assistance.

As I said, I'm not going to vote against this. I'm going to support it and recommend to my colleagues that they do the same, but I think it does sort of speak to the bigger issue that we've highlighted a number of times tonight. I'm just not sure that there isn't something a little more creative that we could have done that maybe would have provided even more relief to Albertans.

Of course, I'm not going to take my chair without highlighting the one tax cut that I believe and the Official Opposition caucus believes this government should be instituting, and that is an elimination for all Albertans of the health care premium tax. Mr. Speaker, this is a tax that currently collects – I believe this year's budget estimate is \$882 million, which is a sizable amount of money but by the government's own admission only a small percentage of the health

care budget. We're one of only three provinces that currently collects that tax.

It doesn't really serve much of a purpose, in my mind, other than ideologically the government believes people have to know that there's a cost associated to their health care, and this is one way that they see that message being sent. I would certainly submit to the Speaker and to all members that all Albertans understand that there is a cost to health care, and the fact that we have a tax that we have to pay on that service doesn't necessarily do any more or less to inform Albertans that there is a cost to their health care. I think Albertans are smart enough to understand that there is. If we really want to give a tax break, I think that that's one we could do.

10:10

I've had people say to me in the past: is it sustainable? I've gone through the numbers. I don't think I have to do it again, Mr. Speaker. Clearly, when you look at both the budgeted surpluses and, as the Member for Edmonton-Highlands-Norwood referred to, the planned unbudgeted surpluses that we've seen in this province over the last many years, \$875 million, \$882 million, whatever that number is for health care premiums, is clearly sustainable if, in fact, the political will is there to eliminate that health care premium tax. It's clearly doable. All it takes is some political will on the part of the government to do so, and it could be gone. We could sustain it. There's absolutely no doubt in my mind about it. That's the one tax that I would like to see.

Since we're going to be talking about corporate tax in a minute, I might as well just say it now, and I won't have to say it then. This is a move that would benefit small- and medium-sized businesses in this province as well. Were we to eliminate the health care premium tax, it would benefit individuals and also small businesses. From my background as a small businessman I know, and in conversation with the Canadian Federation of Independent Business they confirmed that many, many small businesses in this province will pay either half or in some cases all of the health care premium tax as a benefit to their employees because it's one of the few benefits that they can afford to offer. If they are small enough to the extent that they can't afford a full benefit package, that's the one area that they can offer up in this current labour shortage climate to give some sort of benefits to their employees. Clearly, that would be a benefit to those small- and medium-sized businesses as well, Mr. Speaker.

With that, I'll end my comments and recommend, although I have some reservations, that the members of this Assembly support Bill 33. Thank you.

The Deputy Speaker: The hon. Member for Leduc-Beaumont-Devon.

Mr. Rogers: Thank you, Mr. Speaker. I rise tonight to speak to Bill 33, the Personal Income Tax Amendment Act, 2006. As the hon. Minister of Finance briefly explained in the introduction of this bill, this act will increase the basic spousal and eligible dependent tax credit amounts by \$100 on top of the inflation-proofing or indexing, for a total increase of \$376. This strengthens the government's focus on building the Alberta tax advantage.

From 1999 to 2001 the government phased in substantial cuts to personal taxes, including the introduction of the single-rate tax and the highest basic spousal and eligible dependent amounts in Canada, Mr. Speaker. This resulted in a 20 per cent reduction in personal income tax rates, saving Albertans some 1 and a half billion dollars. We indexed our tax system in 2001, ensuring that the benefits of these cuts would not be eaten away by inflation. This indexing of exemptions has now removed provincial income tax costs from an additional 143,000 Albertans.

In Budget 2005 it was announced that annual indexing of the Alberta family employment tax credit would commence in July 2006, increasing benefits to working families. With these benefits a typical single Albertan can make \$15,800 and a typical working family with two children can earn \$37,000 before paying any provincial income taxes, Mr. Speaker.

The increase in the basic spousal and eligible dependent tax credit amounts in this bill was based on the findings of a comprehensive internal review of Alberta's tax system conducted last fall. This tax review confirmed that Alberta's tax system remains both competitive and fair but also identified lower and middle-income Albertans as a priority for future tax cuts, Mr. Speaker. This act will do exactly that. With these proposed changes more low-income earners will be added to those shielded from provincial income taxes in the future. This means that 1 million of Alberta's 2.36 million tax filers pay no provincial income taxes.

Albertans continue to pay the lowest overall taxes in Canada. Alberta's system rewards work effort while at the same time allowing Albertans to gain, to earn more income before they start paying any provincial income tax. Our low-rate, broad-based policy provides a level playing field, letting the market, Mr. Speaker, not government, determine the best places to spend and invest.

I urge all members of this Legislature to give their support to Bill 33. Thank you, Mr. Speaker.

The Deputy Speaker: The hon. Member for Edmonton-Highlands-Norwood under Standing Order 29(2)(a).

Mr. Mason: I would like to ask the hon. Member for Leduc-Beaumont-Devon if he has considered the advantage of eliminating health care premiums for those families and whether or not a significant tax reduction for working families like that might not be better than the 20 bucks or so that most people are going to save through this measure.

The Deputy Speaker: The hon. Member for Leduc-Beaumont-Devon.

Mr. Rogers: Thank you, Mr. Speaker. I'd be pleased to respond to the hon. member. Thank you, hon. member. Certainly, while I appreciate your thoughts on the elimination of health care premiums, I think it would be wrong to trivialize the importance of this tax cut for the low-income Albertans that will benefit from this. The whole discussion of health care premiums is certainly a good topic for another day, but I think it's beyond this discussion.

Thank you very much.

The Deputy Speaker: Are you rising again under 29(2)(a)?

Mr. Mason: Although it's tempting, Mr. Speaker, I'll just speak to the debate on the bill as a whole.

The Deputy Speaker: Proceed on the debate.

Mr. Mason: Thank you very much, Mr. Speaker, for that. It's a pleasure to rise to speak to Bill 33, the Alberta Personal Income Tax Amendment Act, 2006. It ought better to be referred to as the very small income tax reduction amendment act.

I just want to say a few things about this because I think that this is a very, very small reduction. I am not one to trivialize \$35 for people who don't have very much money. Particularly, I don't want to give any impression that I think that savings in personal income tax are unimportant, but I really have to ask the question why the

government's reduction for individuals in the personal income tax is so small, \$35 or \$70 a year if you have a family. At the same time, the government is charging people a great deal more in terms of the health care premiums, which is a flat tax, which affects the lowest income families much more than it does high-income families, who pay exactly the same amount. There are lots of people who are already below the income tax cut-off who still have to pay that tax. So it is perhaps the most regressive tax that the government has imposed on Albertans.

The government likes to pretend that it's to remind us about the cost of health care. Of course, every member of this Assembly knows or should know by now that it has nothing to do with health care at all. It goes into general revenues and is not used as a source of funding specifically for health care. So it seems to me to be a much better target if you want to really help people in low- and middle-income tax brackets with their tax bill.

So why is the government introducing this? Well, Mr. Speaker, I can't help but wonder and believe, in fact, that the real reason the government has brought this in is so that the massive corporate tax cut doesn't stand alone, so that the government can say: "Yes, we're giving a huge, multimillion dollar tax cut to corporations who are earning the highest profits in history," and it's a \$265 million break, "but we're going to take \$35 less in taxes from the average working person." So I believe that this is just to make the bigger corporate tax cut palatable. I don't see another reason for it.

It's clear that if the government really had the interests of working families at heart, they would eliminate the health care premiums, which is a much larger amount of money, and save an average family up to \$1,200 a year. That's what the government should do instead of doing this. But I think, quite frankly, Mr. Speaker, what the government is really trying to avoid is having to go to voters and say: "Yes, we gave a tax cut to the big corporations," who didn't need it, "but we didn't give anything to you." Now they can say at least that they gave something.

10:20

I see no value in voting against this bill, but I do think that the government has missed an opportunity. It's missed the boat, if you will, on providing real tax relief to working families in this province. They've had that opportunity. We've been pushing them for years and years and years to do that. They did have the sense of timing at least to extend that reduction on health care premiums to seniors just before the last provincial election. Perhaps they'll have a good sense of timing and eliminate it altogether before we get to the next one. One can only hope, Mr. Speaker, but clearly the government is more interested in rewarding the corporate sector. I'll have more to say on that when we debate that. Suffice it to say that that measure is extremely inflationary and quite out of place in the current economy of this province.

So we will be supporting Bill 33. It represents, in our view, a very tiny baby step towards fairness and equity in the tax position of individuals, but it doesn't go nearly far enough.

Thank you.

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

Seeing none, the hon. minister of health on the debate.

Ms Evans: Mr. Speaker, thank you for recognizing me. I just want to clarify to the satisfaction of the hon. member who has just spoken that 140,000 fewer people paid health care premiums this year, to the tune of about \$30 million, which was an acknowledgement of people who were at the lower end of the economic scale, defined sometimes as the working poor.

Mr. Speaker, it is not true that the health care premiums per se do not fund health care directly. By practice over the last several years if there are surpluses in the amount predicted for health care premiums – in the example of 2005-06 there was some \$28 million that was considered over and above the amount that was allocated from the budget – those monies are directly assigned to health care for the purposes of offsetting any other additional expense that may be incurred because of the assumption that those individuals are receiving health care benefits. During supplementary estimates I identified quite clearly that those monies were in large part used to fund the over \$26 million that were part of additional supports for long-term care for ceiling lifts, for medication supports, for administrative supports, and for staffing. It was directly because of those dollars that were defined as receivables above what was budgeted for and expected.

So this government by policy has acknowledged the value of health care premiums when in excess at least of that budgeted amount, and I'd say that while we have less than \$800 million collected in health care premiums in Alberta – and the budget is still over \$10 billion, at this stage \$10.3 billion – the real obvious and glaring deficiency, if you will, is that the consumer has paid an amount which has little or no bearing whatsoever on the total cost of health care.

The Deputy Speaker: Any members rising under 29(2)(a)?

Mr. Mason: Yes. Thank you very much, Mr. Speaker. I appreciate the comments of the hon. minister. I would like to ask the hon. minister and just make sure that I've understood you correctly: of the \$28 million last year, the health care premiums unbudgeted surplus that was put back to health care, I would like to know what percentage of the total take from health care premiums that represents.

Ms Evans: I would rather not guess at that, but if you assume that it was budgeted last year at about \$765 million, it would be a very small percentage overall. But it's still a considerable amount of money. I will in fact, Mr. Speaker, provide for the hon. member and members of the House a tabling tomorrow that will represent the accurate figures.

The Deputy Speaker: Anyone else on the debate? The hon. Member for Cardston-Taber-Warner.

Mr. Hinman: Thank you, Mr. Speaker. I appreciate the time to be able to stand and speak on Bill 33, the Alberta Personal Income Tax Amendment Act, 2006. I thank the government, and all Albertans do any time taxes are going down. I also thank the government for all those people that have been taken off of the Alberta health care premiums. It was a significant move, and those people that benefit from that are very appreciative.

But to me as government we would like to increase that amount, and the first thing that I would also like to reiterate is the fact that we need to try and reduce taxes all that we can. It's a great spur to the economy, and the one that just seemed like the most obvious, where we can reduce the size of government and reduce taxes and all of the work that goes with the collection of Alberta health care premiums. It would just be a significant help to Albertans to eliminate those.

So I would continue to urge the government to continue looking at that and to try and raise that forward. If we were to need this \$1.1 billion or \$900 million for Alberta health care, I think that at a time of surplus like this we could actually reassign our flat tax and say that 2 per cent of our 10 per cent flat tax is going to be considered to go to Alberta health care. We are in a surplus time, and that's the time when we can reduce these taxes.

The other area that I'd continue to urge the government on is to raise our level. There's no question that we have the lowest taxes in the country, and Albertans benefit from that, but low-income Albertans still struggle to get by. It just seems wrong to me to start taxing Albertans at \$15,000 when we have such a surplus, when we could raise it to \$20,000 and help out those low-income families to a greater extent. By helping them, we're helping the province.

I feel that that would be a very good area to move to not only for the people of Alberta but we have a surplus in our federal government as well. The \$8,000 that they have is inadequate to start taxing people. We need to be in a position of leadership here in the country, Mr. Speaker, and show that we can and will raise the basic tax exemption across this country. We should be the leader in that area and urge other governments, provincially and federally, to follow our lead.

We're in a unique situation when it comes to the amount of income that we've got here in the province. We've gone through a long time where we had legislation that said that all surplus money must go to paying down the debt. It just seems that it would be in the interest of Albertans if we were to pass new legislation to say that we're going to split all surplus money: 50 per cent is going to go directly to our heritage trust fund, or a higher amount if we want, and then 50 per cent of the surplus would go back to the actual taxpayers.

I believe that the budget showed that we collect about \$5.8 billion in provincial income tax. That's a huge amount, yet with our \$10 billion surplus we could have and I believe we should have given back that income tax. It doesn't cause any problems. It's not income that's going to be taxed by the federal government. It's a surplus, and it could go back. So I would urge the government to continue looking at ways that we can help the Alberta taxpayers.

They brought the point up many times that, no, you can never take a tax off because it's so hard to get back on, and they use that for the health care premiums. You know: well, we need that \$1 billion, and I can understand that. But that's the unique situation with a tax refund, where if we pass the law, we don't need to eliminate any of the taxes that we have, although I feel that we should. Then automatically that money would go back to Albertans, and that to me is really where we should be looking at it.

Another area that's of great concern – and the province and the federal area are in turmoil over this – is the child daycare centres. The federal government is giving \$100 a month. What would happen if here in Alberta we were to take the lead and give a \$5,000 per child tax credit to families that have children under six? Right now the economic conditions are such that it is very difficult for parents to stay at home and look after their kids. We're in a unique situation where we have a surplus. That option I believe should and could be available to Alberta parents if we would just take the initiative to lead that area and once again benefit all of Canada by showing the right area to look at those tax credits and where we should be reducing tax.

10:30

Overall, Albertans are grateful for the surplus that we have. It's how and where we're going to prioritize it. I would prioritize it, once again, first, by eliminating health care premiums; second, by raising the basic tax exemption; third, let's start giving a tax refund back on the surplus; and fourth, by seriously looking at what type of child tax credit we could be giving Albertans here in this province, where we're doing so well at this time.

Thank you.

The Deputy Speaker: Anyone under Standing Order 29(2)(a)?

Seeing none, anyone else wish to participate in the debate?

Hon. Members: Question.

[Motion carried; Bill 33 read a second time]

Bill 34

Alberta Corporate Tax Amendment Act, 2006

The Deputy Speaker: The hon. Government House Leader.

Mr. Zwozdesky: Thank you very much, Mr. Speaker. It's my pleasure on behalf of the hon. Minister of Finance to move Bill 34 at second reading, that being the Alberta Corporate Tax Amendment Act, 2006, which will have some very positive benefits to it as well. Thank you.

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

Mr. R. Miller: Thank you very much, Mr. Speaker. First of all, I'd like to offer an apology to the Education minister. I said earlier when he moved Bill 33 for the second time that I understood that it had already been moved once by the Finance minister. Perhaps it's the late hour. My eyes saw second when, in fact, when I checked *Hansard*, it was actually the Finance minister moving the bill in first reading. So my apologies to the Education minister. I didn't mean to put a scare into him like that.*

I would like to acknowledge the Finance minister for her cooperation on both Bill 33 and Bill 34. In fact, I would also like to acknowledge a recognition that the Finance minister was given this evening. I know that some members were at a dinner hosted by Edmonton Northlands after their AGM this evening, and the Finance minister as well as the Premier were presented with honorary lifetime memberships by Edmonton Northlands. I thought that was a fitting tribute for those two individuals but particularly for the Finance minister, whom I've come to know quite well and work with closely. That was very nice.

I'd like to thank and acknowledge the minister once again for the fact that in both instances, Bill 33 and Bill 34, she provided staff that made themselves available to myself and my staff to give us a thorough briefing on these two bills as well as making available the so-called three-column documents which the government uses to outline the changes in legislation and why they're being made. Those haven't always been made available to us. I find them very helpful in terms of preparing for budget debate, Mr. Speaker. I believe that having that opportunity with staff from Alberta Finance certainly makes for better debate and, ultimately, better legislation. Really, that's what it's all about. So I do appreciate that.

When we talk about Bill 34, the Alberta Corporate Tax Amendment Act, 2006, Mr. Speaker, as has been pointed out, I believe, by the Finance minister when she introduced the bill in first reading, this bill will cut the corporate tax rate from 11.5 per cent to 10 per cent. I'm going to offer my qualified support to this bill. As a small-business person having operated a business in this province for many years I can appreciate the difference that this will make to small businesses in particular.

I talked a little bit a few minutes ago about some of the challenges facing small business, one of those being the fact that many small businesses do pay the health care premium tax or a portion of it. It would have been my preference to see that removed; nevertheless, this is a move that has been promised to business in this province since 2001 and is finally taking place.

I know that when I speak to groups like the Canadian Federation of Independent Business and other stakeholders, they're certainly supportive of this, and I can understand the reasons why. As I say,

I will be offering my qualified support as well, which is probably more, quite frankly, than the government will be getting from my colleagues in the ND opposition, who, I'm going to guess, aren't going to be nearly as supportive.

I would like to point out, Mr. Speaker, a couple of things. I touched earlier on the fact that according to the government's revenue estimates for this year, they plan on collecting \$6 billion in personal income tax and \$2.2 billion in corporate income tax. As I was reviewing those numbers, it prompted me to think on a much smaller scale of the example of the city of Edmonton where the mayor is lamenting the fact that we collect an inordinate amount of waste collection fees from business as compared to individual homeowners. I'm thinking that here we have sort of the opposite. We seem to be collecting an inordinate amount of tax from individuals as compared to what we collect from corporations. So while I'm not necessarily against the idea of the government finally following through on a promise that they made five years ago, it does make me wonder if perhaps we're not giving a greater advantage to corporations than we are to the individuals.

Then I thought: well, I'll just look at the dollar value that we're giving. I mentioned a few minutes ago when we were discussing Bill 33 that the cost to government of making the tax cuts that are being made in Bill 33, the Alberta Personal Income Tax Amendment Act, are about \$77 million, yet when we look at the Alberta Corporate Tax Amendment Act, the cost there to the Alberta government is about \$265 million, Mr. Speaker. So with a little bit of quick math you can see that corporations are actually receiving more than three times the tax break that individual taxpayers are receiving. So, again, while I'm not necessarily speaking against this act, I'm questioning whether or not, in fact, we couldn't have given individual taxpayers a little more break than we did given that the corporations are realizing more than three times the benefit than that which individual taxpayers are receiving.

I would also like to just point out a couple of things as far as individual sections. The idea of moving the rate from 11.5 per cent to 10 per cent: as I said, it's been talked about for years, promised for years. It does sort of beg the question: why are we making this tax cut in this year? I'm not sure what sort of an answer I might get from the minister, but I'm going to guess that it would be hard to justify it by saying that there's more money this year than there was last year or the year before because, clearly, when you look at the numbers from the previous two years, that's not necessarily the case.

So I guess the question is: did the government committee examining corporate tax cuts recommend it this year? Has the Tax Review Committee finished their job of reviewing the tax regime? If that is the case, I'm wondering if the minister would commit to tabling that report in this Assembly so that all Albertans would see the results of that report and the recommendations that were made out of it to the government caucus.

Section 10 talks about allowing the minister to waive penalties or interest owing. That prompts me to wonder whether or not the minister has used power such as that in the past and, if not, whether she's aware of whether or not those powers might have been used by another minister in the past and, again, if that has in fact happened, whether or not she might be willing to table copies of those actions having been taken in the Assembly so that all Albertans would be able to see for themselves under which circumstances penalties and interest owing might have been waived.

10:40

Finally, Mr. Speaker, section 13 talks about clarifying the definition of insurance companies to ensure that, in fact, all companies operating and selling insurance in this province are paying the

*See p. 996, right col, para. 12

3 per cent insurance tax, which is another tax that I've referred to in the past as being a hidden tax. I sincerely believe that most Albertans are unaware of the fact that 3 per cent of their insurance premiums is actually going to the government. I'm going to guess that if there was a way that I could somehow get that message out to Albertans, there would be a hue and cry about that because I think that most Albertans feel that they're paying enough tax already. I know that those that I can touch and make aware of the fact that they currently do pay a 3 per cent tax on their insurance premiums are very clearly not happy about this.

Again, if we really wanted to give a break to all Albertans, that's an area we could look at. I don't think there are too many Albertans that don't find themselves having to purchase insurance at some level, whether it be a business insurance or a homeowner's insurance or a tenant's insurance or, of course, the oft discussed and talked about auto insurance.

So in this section, then, as I say, we're talking about clarifying exactly what the definition is of an insurance company to make sure that the government is collecting that 3 per cent tax. It begs the question of whether or not – and I'm sure it must be the case – in fact, there have been some insurance companies avoiding paying that 3 per cent tax through some loophole or other in the current legislation. I'm wondering whether or not the minister would provide in writing to this Assembly an estimate of the amount of money that has not been collected from those companies if, in fact, they have found some loophole that they were using and found a way around that. Clearly, if the government sees fit to add that clarification of the definition, I'm going to guess that there must have been a reason why they felt it necessary to do so, and I would be most interested to know and I think most Albertans would be most interested to know how much tax revenue the government should have been collecting from insurance companies and perhaps somehow missed and allowed that to slip through their fingers.

So with that, Mr. Speaker, as I said, I'll be offering my qualified support for this bill. Again, it's not necessarily the highest on my list of priorities, but I think that given that the government has made a commitment many years ago and certainly small and medium-sized businesses have been looking forward to that commitment being lived up to at some point – I think the Member for Cardston-Taber-Warner said that any time there's any sort of tax relief for Albertans, it's a good thing. Given the current economic situation I suppose that that's true. In light of that, I will be, as I said, offering my qualified support and recommending to my caucus that they do the same.

Thank you.

The Deputy Speaker: The hon. Member for Leduc-Beaumont-Devon.

Mr. Rogers: Thank you, Mr. Speaker. I rise this evening to speak to Bill 34, the Alberta Corporate Tax Amendment Act, 2006. As the hon. Minister of Finance outlined in the introduction of this legislation, the main purpose of this act is to reduce the general corporate income tax rate to 10 per cent from 11 and a half per cent, as was outlined in Budget 2006. Yes, this is tax relief. While Alberta's economy is strong now, cutting the corporate income taxes will benefit the province for years to come. This reduction will save businesses \$265 million in 2006-07 and encourage more investment in our province.

The government recognizes the importance of low corporate taxes in developing a strong economy. Between 2001 and 2004 we reduced our general corporate income tax rate from 15.5 to 11.5 per cent, Mr. Speaker. At the same time, the small-business rate was cut

in half to 3 per cent, and the small-business income threshold was doubled to \$400,000. In 2005 the government undertook an internal review of the province's tax system to assess whether our tax system remains competitive and fair and encourages economic growth. The review identified the general corporate income tax rate as a priority for future tax cuts.

Mr. Speaker, Alberta is not just competing in Canada with other provinces and territories but in a much larger global marketplace. Other countries around the world have reform proposals in mind that could sharply lower corporate taxes. The further reduction of the general corporate income tax rate to 10 per cent is necessary to maintain Alberta's competitive advantage. Enhancing the Alberta tax advantage for businesses helps to attract investment and encourage entrepreneurship, meaning that Albertans will have more jobs, stronger communities, and a much better quality of life.

Most of the other amendments are technical or administrative in nature and to keep the provincial legislation consistent with federal legislation, Mr. Speaker.

A couple of areas I'd like to point out for the information of the House, Mr. Speaker. Bill 34 will allow the communication of tax information to the Chief Electoral Officer or his designate to ensure that associated corporations are complying with the requirements of the Election Finances and Contributions Disclosure Act. A company that claims an insurance policy reserve under the federal act will be deemed to be an insurance company for insurance corporation tax purposes and required to pay the tax.

Mr. Speaker, I urge all members of the House to give their support to Bill 34. Thank you.

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

Seeing none, I'll recognize the hon. Member for Edmonton-Highlands-Norwood.

Mr. Mason: Thank you very much, Mr. Speaker. I'm pleased to rise to speak to Bill 34, the Alberta Corporate Tax Amendment Act, 2006. I think the hon. Member for Edmonton-McClung was quite right in predicting that we would be opposing this. In our view, this tax cut is irresponsible and makes Alberta's network of social programs unsustainable.

We think that it's unwise for a number of reasons. First, it ignores the fact that Alberta's budget is well above its tax base capacity. We're already depending far too much on oil revenue, and to further undercut our stable sources of income is unwise, to say the least, and potentially disastrous. In fact, the government's own budget documents state:

With no general sales tax, payroll taxes or capital taxes, Alberta's tax base is relatively narrow compared to other jurisdictions.

You see? They admit it themselves.

While this is a benefit to Albertans, it also comes with some risks.

A broader range of taxes means more stable revenues. With relatively fewer . . . sources, predictable funding for key public services is at more risk in the event of an economic slow-down.

Consequently, it is inadvisable to eliminate or dedicate more taxes.

That's from a section called Alberta Tax Advantage. It's on page 134, Mr. Speaker. Eliminating taxes is precisely what the government is going ahead and doing, and their ability to fund core programs is at risk by their own admission.

Mr. Speaker, also over the past five years the government has reduced business taxes by over \$265 million per year. In the 2004 budget, cuts to corporate income taxes started in 2001 will save Alberta corporations \$434 million in taxes in that year. These savings are on top of savings from cuts to other corporate taxes such as the elimination of the financial institutions capital tax and a drop in the railway fuel tax, and that comes from Budget 2004.

In two years alone, then, the cuts from 12.5 to 10 per cent will have taken, by a conservative estimate, more than \$700 million out of government revenue. That \$700 million would have paid for three times the amount urged as an increase for seniors in long-term care throughout the province, which is only \$250 million. That \$750 million would pay for more than twice the amount of new schools being sought by the Calgary board of education. How can the government consistently applaud itself as providing one of the best education systems in the world and announce that its strategic plans prepare students for the workforce and citizenship when it denies both the building of new schools and the repairing of old ones? How can this government face its citizens with such pride when it is denying children their future for tax cuts that are not needed and are damaging in other ways?

Secondly, Mr. Speaker, to lower our already low corporate tax rates in order to attract more corporate investment risks us establishing a race to the bottom in terms of corporate taxes throughout not only Canada but the U.S. and Mexico as well. We cannot afford to become the Third World labour tax equivalent of North America in order to attract investment, much less when we already have some of the poorest labour laws in the country. The government's own internal review on tax policy found that we are competitive within North America in attracting investment and skilled workers, so why, then, is this necessary?

10:50

Mr. Speaker, I've also said that this is inflationary and will give the largest corporations, who are already flush with cash, a tremendous advantage in competing with smaller businesses for labour and materials, not to mention individuals and the public sector. So on all fronts this is ill advised and unnecessary and dangerous in the long term.

I was interested, Mr. Speaker, to hear that the Finance critic for the Liberal Party had some comments and offered his qualified support to this corporate tax cut bill. At the same time, he qualified it and noted that three times the tax break is being given to corporations as to individuals and asked why we need to do it at this time of the year. Notwithstanding that, the Liberal Finance critic supported this corporate tax cut bill.

Mr. Speaker, I've been in this House for some time, and I've observed the Liberal caucus in question period and in debate. The Liberals want more for education, more for health care, more for seniors, more for the environment. They want more tax money for students, more for schools, more hospitals, and they want more roads. The Liberal Party opposes an increase in the use of nonrenewable resource revenues for program spending, and it opposes increasing the amount the government receives from gambling. So the Liberals want to have it all. They want to spend in every area more, more, more. They do not wish to increase the amount of spending from nonrenewable resources, they do not wish to increase the amount of spending coming from gaming, and they are now in favour of significant tax cuts which will cost the Provincial Treasurer hundreds of millions of dollars. The Liberals want to have their cake and eat it too, but it doesn't work that way.

You know, I want to suggest that the only fiscally responsible party in this Assembly is the Alberta NDP. While we want some of the same things that the Liberals want, we know that those things have to be paid for. They have to be paid for in some way. If you're not going to keep your taxes where they are and you don't want to spend resource revenue and you don't want to have gambling revenue, Mr. Speaker, there's only one other answer, and that's to borrow money. We are also opposed to that.

There is no magic solution, Mr. Speaker, to the problems facing

this province. If you want to have a high quality of education, if you want to have a high-quality public health care system, you have to pay for it. This tax cut will render the province unable to afford those things other than to continue to do what they're doing now, which is to use nonrenewable resource revenue, to use the wealth of all generations of this province for this generation only, and that's wrong. That's morally wrong. That's what the government is doing, but the Liberal answer is no better.

Thank you.

The Deputy Speaker: Anyone under Standing Order 29(2)(a)? The hon. Member for Cardston-Taber-Warner.

Mr. Hinman: Yes. I wonder if the hon. member could enlighten me. You said that it would render us unable to do these things when we're talking \$2.2 billion, I believe, in total tax credit. When we have a surplus that could be five times that, how would it render us unable to carry on business by giving a modest tax break to the corporations?

Mr. Mason: A good question, hon. member. First of all, it's not a modest tax reduction. The plan of the government is to reduce corporate income taxes from 15 to 8 per cent – in other words, cut them nearly in half – which will make us by far the lowest in the country.

Secondly, my point is simply this. The Liberal position is not to increase our dependence on nonrenewable resource revenue, which seems to be what this hon. member is suggesting that we could do, and in that case, Mr. Speaker, we are against that as well. We certainly don't think that we should be spending nonrenewable resource revenue to pay for increases in ongoing program spending. Those increases need to be provided primarily from stable, ongoing sources of revenue such as the tax base. That's our position. We think that's the only fiscally responsible position.

There are really only two fiscally responsible positions, Mr. Speaker. One is to maintain our tax base and pay for good service levels, good programs in health and education. The other is to cut corporate taxes and also cut program spending in those areas, not a position we support, but at least it balances the books.

The Deputy Speaker: Anyone else under 29(2)(a)?

Seeing none, the hon. Member for Cardston-Taber-Warner.

Mr. Hinman: Thank you, Mr. Speaker. I would like to stand up for a minute and go over Bill 34 as well. In response to the hon. member, I'm disappointed in the fact that this government has promised a reduction from 15 to 8 and we're moving so slowly and cautiously, like we're in trouble here. I would urge the government to continue moving in that direction to lower corporate tax. In response to that, small business really is the backbone of this province, so once again I would urge this government that just as we need to look after the individuals, we also need to look after small businesses.

There are several things that we can do. I'm going to bring up again, as the hon. Member for Edmonton-Rutherford brought up, that by eliminating the health care premium, this is another benefit to small business because many of them do pay that on behalf of their employees. We need to make Alberta the area where we can and should have value added to all of our resources that we have here. We want more jobs for the people, better paying jobs. By doing that, we want businesses that are strong, and businesses are stronger and able to compete on a world basis, which is what we are. It's a global economy now. It isn't a trapped area where we can say

that we're selling to Saskatchewan or somewhere else. We're competing with China. We're competing with India. Those areas, as I've said before, don't have the social programs that we have here, yet we're competing with them. So if we want to keep our corporations here and we want people employed here with those jobs and to process our resources here, we need to continue lowering the corporate tax to be able to make them competitive on a global basis.

I'd also like to address the fact that it is great that we've raised the threshold from \$200,000 to \$400,000, but once again with inflation and the value of land and property and every other area that's gone up so much, we need to look at keeping track or continuing to raise that threshold for small businesses to make them viable.

I'd also continue to urge the government to address the problem of passing on the family business. It doesn't matter whether that's the farm, whether it's a dry-cleaning or accounting business. It's a major problem to pass on these businesses. Often we lose good family businesses because of the tax structure.

I want to go back to the promise and not moving to this 8 per cent reduction. I was very disappointed with our federal Conservatives, who promised a six-month capital gains exemption and now are saying that they're not able to deliver it. I would urge this government: let's not be in a position where we tell businesses that we're going to do these things and then put them off, especially when we're in the situation where we can do it. There is no reason why we don't do that.

We need to also, I feel, continue to look at innovative ways of bringing in more businesses. Just as we've been with the tar sands in allowing that capital investment and receiving their money back, we need to do that in other areas in this province, whether that's a packing plant, whether it's in pulp mills, whether it's in canola crushing, whatever that industry might be. We need to look at other areas where we can have people wanting to put their seed money into value-added processes and into businesses so that we can continue to have those good jobs here in the province.

I vote in favour of Bill 34. It's a step in the right direction again. We want to be lowering our taxes. That always is an economic boost and will actually increase the amount of taxes that come in by lowering taxes because the economy spurs on and will do better. I have great faith that this is a step in the right direction and urge the government to continue following their program and to get to the 8 per cent quicker rather than later.

Thank you.

The Deputy Speaker: Standing Order 29(2)(a) is available. The hon. Member for Edmonton-Highlands-Norwood.

11:00

Mr. Mason: Thank you very much, Mr. Speaker. I'd like to ask the hon. Member for Cardston-Taber-Warner about his theory that the more you lower taxes, the more revenue you get from taxes. I would wonder if he thought, then, that we could maximize our tax take by eliminating taxes altogether.

Mr. Hinman: There are some interesting studies on the economy of doing that. Everything has a curve, a U-curve, and it goes down and up, and there is a point. But there's no question right now that our taxes are excessive. We have a surplus, and that means our taxes are excessive unless, as you were pointing out earlier, we want to increase our social programs. Perhaps there are areas where we want to do this, but I believe that with priorities and long-term planning we could greatly increase the support for those people in need and have what we call targeted social programs rather than universal programs, which we seem to be falling into more and

more. We need to actually look at those who need help. Like I say, for people with low incomes, let's raise the basic tax exemption, target those people specifically.

There is always a balance in payoff, but when it comes to corporations, we can use the banks for an example. They have huge profits every year. They set up their business plan, and they follow through on that. If you were to say, "Okay, let's double our taxes on the banks," all they do one year, two years down the road, is that they say: "Okay, we want this much profit. We need to do this to stay in business, to be viable. Cheques are no longer a dollar apiece; they're two dollars apiece. To use a debit card is no longer 25 cents; it's 50 cents."

When we tax the businesses that are in our community, whether it's the hardware store, the dry cleaners, whatever is in our community, when we raise those taxes, they in turn have to raise their costs to the consumers. When it's the mechanic in town, if his property taxes go up, he's going to turn around and it's the consumer that loses. Corporate tax doesn't benefit the economy and those people that are living on a fixed wage.

[Motion carried; Bill 34 read a second time]

Bill 30

Persons with Developmental Disabilities Community Governance Amendment Act, 2006

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

Dr. Brown: Thank you, Mr. Speaker. I'm pleased to rise this evening to move second reading of Bill 30, the Persons with Developmental Disabilities Community Governance Amendment Act, 2006.

This legislation will enhance the way our province administers the persons with development disabilities, or PDD, program. It'll do that by helping the Minister of Seniors and Community Supports better co-ordinate all the programs and services that address the needs of persons with developmental disabilities in our province. At the same time Bill 30 will allow the ministry to continue to benefit from the expertise of PDD's six community boards, which have demonstrated excellence in how they develop and implement service plans on a local level. These are important changes to governance, but they will not affect front-line services, and that is an important point to consider.

Mr. Speaker, I'd like to take this opportunity to review the major structural and governance changes set out in Bill 30. The preamble of the act will feature two new provisions which reflect an amended governance structure and the increased responsibilities being transferred to the government of Alberta. Specifically, the provincial board will be dissolved, and a mechanism will be created to provide greater input from the community boards into the future direction of programs that support the inclusion of persons with developmental disabilities into community life. This will include a direct reporting relationship between the ministry and the community boards and an advisory role for the Premier's Council on the Status of Persons with Disabilities, which is chaired, as you know, by the Member for Strathcona.

The Premier's council, which also reports through the Ministry of Seniors and Community Supports, will provide strategic advice and input on the needs of persons with developmental disabilities. The ministry will assume the roles and responsibilities of the provincial board as outlined in the current Persons with Developmental Disabilities Community Governance Act. Mr. Speaker, the provincial board has been successful in a number of areas, but there are a

number of functions that the ministry is simply better positioned to take on, including issues of accountability, including auditing procedures, program policy and direction, and overall co-ordination of supports provided to people with developmental disabilities.

With Bill 30 the ministry will be responsible for developing policies for the provision and consistency of programs working directly with six community boards, allocating funding to those boards, and co-ordinating the delivery of programs and services. Naturally, Mr. Speaker, there will be a transitional period during which these responsibilities will be transferred and the new governance model is adopted. During that transitional period, the ministry's intention is that the programs and services provided to persons with developmental disabilities will continue to be delivered in an effective and efficient manner. In other words, the transition should have no impact whatsoever upon persons who receive supports from the PDD program.

Once that transition is complete, the new governance model for the program will be fashioned along the lines of the Child and Family Services Authorities Act, whereby Alberta Children's Services administers its programs through 10 regional child and family services authorities. The ministry will move toward a model that is similar to the structure currently being used by Alberta Children's Services. Within that structure community boards will become agents of the Crown and will report directly to the ministry.

Other provisions laid out in Bill 30 regarding the community boards include the following. The ministry may provide administrative and other support services to the community board. The minister, on the recommendation of the board, will appoint the chief executive officer of each community board, and each community board will develop plans for the delivery of services in its region subject to the approval of the minister. In addition, Mr. Speaker, the ministry will have the ability to provide written directions to the community boards on how they will be required to carry out their duties and various functions, on how they will set priorities and co-ordinate work with other government departments and public and private bodies to avoid duplication of effort and expense in services. An amendment to the existing legislation will also clarify that the community boards cannot operate on a for-profit basis and must use all funds to carry out statutory powers and duties.

On the housekeeping side of things, obsolete references to facility boards will be deleted from the Persons with Developmental Disabilities Community Governance Act and the Health Information Act. This is simply because the reference is outdated as facility boards have not been in place since the year 2000.

Finally, Mr. Speaker, regarding the creation of regulations Bill 30 stipulates that the minister may make regulations regarding appeals, conflict of interest matters affecting members of community boards, and the functions, powers, and duties of the chair and CEO of a community board and that the Lieutenant Governor in Council may make regulations prescribing services that may be provided by a community board.

Mr. Speaker, thank you for allowing me to move second reading of Bill 30, the Persons with Developmental Disabilities Community Governance Amendment Act, 2006. I encourage all members of the Legislature to support this important legislation as it continues our work to better co-ordinate all of the programs that provide a full range of supports to persons with disabilities.

Thank you.

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

Ms Pastoor: Thank you, Mr. Speaker. Firstly, I would like to thank the minister for sharing the three-column document with me and also

for the briefing that we had together. The briefing was very factual, and I really believe that this type of dialogue is appreciated. I believe that the benefactors of these types of dialogues are all the people in Alberta.

I'm pleased with this act. I had actually asked the minister to review – actually, the provincial board was what I had heard from the people that I had spoken with. So I'm quite pleased with some of the things that have come forward under this bill. I do have a few reservations about a couple of things. There was just one problem that I had. I do realize that the ministry is quite open when speaking with me, but my understanding was that when my staff had approached some of the community boards, the dialogue was cut off at that point. So perhaps that could be looked at.

11:10

The other question I had was that I'm not sure what the qualifications were for the person that actually had done the restructuring. I don't know if I can mention the name or not, but there was a person that had done the restructuring, and that report hasn't been made public, so I'm not just sure what his qualifications would have been to do that.

The other problem that I have – and I do realize that it reads that the minister's duty is to appoint the community board CEOs. I think that the hon. Member for Calgary-Nose Hill has addressed that, but I'm not sure if I heard it correctly. I really think that the CEOs should totally be hired by the board that they are responsible to. Perhaps the minister could oversee it, but I think that too much power is going to the ministry. That would be one way that I would take it back and give it to the local boards.

The other part where again I think that there is too much power going to the ministry and away from the community boards is that the minister would give them directions on how to carry out their powers and duties and how to set priorities and how to co-ordinate programs. Now, for someone who for the last 10 months has been yapping about provincial standards and enforcing them, I realize that this just falls right under that, but I still would like to see a little bit more power and autonomy given to the local boards because if this is going to fall under and open up in the way I'm hoping it will, it really will allow those boards to get that front-line problem right into the minister's office and cut out a lot of the middle people. I believe that by the time it gets to a minister's office, it's been so watered down that it isn't the true fact at all.

The other question that I would have about the ministry – again, I'm back on my mantra of accountability and standards – is: what steps would the ministry take to really improve the transparency of how the boards work through to the ministry? I believe that their first contact is the assistant deputy minister, which is fine because it does get it into the ministry. But I'd like to be very clear on how that transparency would occur.

I believe that there were some very worthwhile projects going on, that they were updating contracts, policies, and manuals and that at one point it was the responsibility of the provincial board. I'm assuming that that is something that is being taken into the ministry with, I believe, 35 staff members, which I will address a little bit further. But probably some good work has gone on under that, and I'd like to see that out in the public but, also, that it not be lost.

I also would like to make just a little comment about the Premier's council. I understand what some of these are for, but again I think it's too many people involved in the process. The Premier's council would be asked to provide advice on the needs of people receiving PDD supports. I honestly believe that that should be the responsibility of the regional boards. Again, as I've said before, these are the people that will be hearing the front-line problems, and if it goes

through too many and there are too many people hearing out there, it gets watered down, and the true facts and the true feelings of the people, in fact the people that may well be neglected, are not getting through to the ministry.

Part of what I'm talking about is certainly what I learned on the MLA task force. I think that that task force was wonderful in terms of us actually being able to hear what the people's problems were, where their issues were. They actually could come to us with feelings which were very easily translated and put into the ministry. I really have a problem with too many people being involved in passing on information to the people that ultimately make the decisions.

There are 35 staff that would be transferred to the ministry. I probably will get shot when I leave this building, but I'm not altogether sure that all of those 35 staff really have to go to the ministry. Perhaps they could – I don't know – maybe go somewhere else. I'm not altogether sure that their jobs aren't redundant once you eliminate what their need is. The fact that the ministry has put together AISH and PDD is, in my mind, I think quite a brilliant stroke and will help to be able to get the common problems. It is the common person. It is one person that could well be collecting AISH but also needs the PDD supports. I'm just not convinced that that much staff is really necessary.

Also, there was going to be a saving of \$11 million by eliminating the board. I'm sure it meant the staff because I don't think the board had a budget of \$11 million. At least, I certainly hope they didn't. I would like to see that savings of \$11 million go directly to the front-line people, to the contract people who try to provide front-line staff and actually can't afford to pay a proper wage to them which, in fact, would then give you the continuity of staff that's required. So I certainly would have dibs on that \$11 million if I had it in my hand.

Sorry. I'm getting mixed up here.

An Hon. Member: The snoring is keeping the rest of us awake.

Ms Pastoor: I'm so sorry that I'm keeping you awake.

An Hon. Member: You're not. [interjections]

Ms Pastoor: They're all awake now. Thank you.

Actually, I think that's probably pretty much what I wanted to say. Those were really my concerns. I think it boils down to that I really would like to see a much clearer line from the regional boards, who understand the problems on the ground and getting them directly into the ministry, where something can change or so that at least the ministry is aware of it at that point.

There is no speaking of funding, which is an entirely different issue. This is an issue of governance, so all I'm going to speak about is the governance part of it.

I would compliment the Member for Calgary-Nose Hill for bringing this forward. I think there has been some good work been done here. I would like to see it tightened up.

With that, I would say thank you.

The Deputy Speaker: The hon. Member for Cardston-Taber-Warner.

Mr. Hinman: Thank you, Mr. Speaker. I just have a few points that I would like to comment on on this bill. First of all, to definitely thank the minister for responding so quickly. She was looking for input on what to do to help the people with PDD as there is a wide perception across the province that there is a cutback. They were very concerned about being able to keep their current, I guess, help

to their individuals that were there. So it's very rewarding for the facilities in my area. They're very grateful for this change with the elimination of the provincial board and hope that the streamlining will continue to improve and that they'll be able to be more functional on the regional level and to help those areas work.

We continue to urge you to streamline it and to be able to reach out and touch at a closer level, and as the hon. Member for Lethbridge-East also mentioned, we want those areas to be accountable and the CEO to be accountable in the region and focus on meeting the services of the people in their area.

11:20

The other area that hasn't been addressed – and I hope that the minister can move forward on this – is the high turnover rate. That continues to be a problem. It does seem to be twofold. One is the wage level that these recipients receive. The other area, though – and I'll speak in contrast to the hon. Member for Lethbridge-East – that we continue to talk about is having to have provincial standards, provincial standards, provincial standards. What I've found with the people that work in PDD is that many of them are families that have had someone in that situation or are working in that area. In rural Alberta they can't afford to go and get so-called standards to work with those people, whom they love and are concerned about and are reaching out to members in their community. I don't know that we need to raise the standards other than the fact, maybe, of raising the wages for those people that are working on that local level and perhaps increasing the funding for some of those facilities because they are having a hard time making ends meet, especially when we continue to see the high cost of operating and maintaining buildings and the cost of heating them. All of these are major concerns in those areas.

The other area that I've talked to the minister about – and I'll bring it up again tonight – is to put the trust and the faith in those people that are assessing these individuals in the regions. Across the province it isn't equal funding for equal problems. It seems like the central area, that was pointed out to me, gets an increased amount of funding though they don't necessarily have the problems in other areas. The per capita distribution of funds doesn't work well when the south has an increased number of people with PDD. Perhaps they go down there because of the nicer winters – I'm not sure – but we have a greater number down there. It needs to be addressed more on the services provided than just a per capita per region basis because the south definitely struggles in that area.

Once again I'd like to thank the minister for streamlining this and eliminating the provincial board. The facilities in my area are thrilled about that. If we can continue to function and look at the recipients and how we can continue helping them, I am confident that the minister, with her compassion and desire to help these people, will have some more innovative and improved legislation coming forward in the future.

Thank you.

The Deputy Speaker: Anyone under 29(2)(a)?

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

Mr. Mason: Thanks very much, Mr. Speaker. It's a pleasure to rise to speak to Bill 30, Persons with Developmental Disabilities Community Governance Amendment Act, 2006. It's a bit of a mouthful, but I think the act in general has some very positive elements and leaves us with some questions as well.

The bill proposes that the roles and responsibilities of the PDD Provincial Board be transferred to the Minister of Seniors and Community Supports and that the reporting lines of the PDD

community boards be enhanced so that they would report directly to the ministry. So there are some positive elements.

In section 7(b) of the amendment act (3) states that “a Community Board may not operate for profit and must use all its funds to carry out its powers and duties under this Act.” That’s something we certainly see as positive. The minister is responsible for ensuring that the boards don’t duplicate services, and that’s good, but the act also allows the minister to establish services in an area directly, notwithstanding the fact that the board may already be offering those services. That’s something we’re kind of curious about, Mr. Speaker. It seems somewhat contradictory. Perhaps the minister should have the power to make sure that the board receives the additional support that it needs to meet the needs in that area rather than setting up some duplication. But I’d be pleased to hear the minister’s comment.

The Alberta Association for Community Living will be rallying here tomorrow, and I guess this is the thing that I’d like to get to, Mr. Speaker. It’s great to streamline the delivery. It’s great to make sure that the delivery is more community based, but we need to be clear and honest and straightforward about whether or not the amount of money that they are receiving means a cutback in the level of service that people are receiving. It’s fine to say that more money is being given in an absolute sense, but we all know that costs increase. There’s inflation. There are lots of factors which can mean that even an increase in funding means a reduction in services. So we need to know very clearly what exactly is going on.

The minister has stated that there is more money flowing to PDD programs and services, but then the question arises: why is the Edmonton community board for persons with developmental disabilities sending out letters requiring service providers to cut 3.4 per cent from their budgets? That’s a real question. Maybe our math is off, Mr. Speaker, but we think that a 3.4 per cent cut is not a net gain. I think the minister needs to deal with this.

We have, for example, the Winspear fund, which is a private initiative, catching people as they fall through the cracks. Those are some of the most vulnerable people in our society, Mr. Speaker, so the act in a sense begs the question about what’s actually going on with persons with developmental disabilities and the services that they receive. The fund, for example, paid out \$65,000 to help individuals and families in need. There are some pretty big cracks in the system if private endowments are having to step up to the plate and meet the needs of those families and individuals.

I guess that I could go on about that, but I do think that it’s important to all of the families of people with developmental disabilities to know clearly what level of service they’re going to receive, if people are going to be cared for with compassion at the level that they require or whether they’re going to have to be running to private-sector endowments to try and get top-up money or services that they can’t otherwise achieve. I think it’s incumbent upon the minister to explain this very clearly.

You know, it’s fine in question period to say: well, we’ve increased the budget. We all know how it works in question period. But there are going to be a lot of people here tomorrow that are looking for answers. They are very concerned. They’re dependent

on government programs. They don’t have other options. Their basic dignity is at stake.

So, by all means, let’s pass the act, but it’s time that the government spoke clearly to those people and to this Assembly about the actual situation there and that we resolve this question in the interests of all people. The measure of a society, someone said – and I can’t remember who it was – is really how it treats its most vulnerable citizens. I think that this is a time to take that as our watchword.

Thank you.

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

Seeing no one, the hon. Minister of Seniors and Community Supports.

Mrs. Fritz: Thank you, Mr. Speaker. My comments will just be very brief. I’d like to thank the hon. Member for Calgary-Nose Hill for bringing forward this important piece of legislation. He is well known for his compassion and his wisdom and his hard work, which we did see through the AISH review and the recommendations all being passed unanimously and making a very real difference in the lives of people with disabilities, which does include persons with developmental disabilities.

I would like to thank the members that spoke here in the Assembly for their support for this legislation, Mr. Speaker. As was mentioned, it is about governance, which is a very real change, and about bringing the regional boards closer in with the ministry and closer in to the funding that is available for persons with developmental disabilities.

11:30

Also, just as importantly, I’d like to take the opportunity to thank the provincial board, Mr. Speaker, because the provincial board has set the tone. They have provided the vision, and they have provided the principles that have been very outstanding, which is why we are where we are today with persons with developmental disabilities, our program being a program that is renowned throughout Canada, across other provinces. It is important to take this next step in governance, and that is what this bill is about with local autonomy. So thank you.

Having said that, Mr. Speaker, I’d like to call for the question.

[Motion carried; Bill 30 read a second time]

The Deputy Speaker: The hon. Government House Leader.

Mr. Zwodzesky: Thank you, Mr. Speaker. It is late. I think that instead of proceeding with more business of the House we should simply adjourn, noting that we’ve made excellent progress today, and reconvene tomorrow at 1:30.

[Motion carried; at 11:32 p.m. the Assembly adjourned to Tuesday at 1:30 p.m.]