

Legislative Assembly of Alberta

Title: **Tuesday, April 14, 1992**

8:00 p.m.

Date: 92/04/14

[Mr. Deputy Speaker in the Chair]

MR. DEPUTY SPEAKER: Please be seated.

head: **Government Motions**
Provincial Fiscal Policies

12. Moved by Mr. Johnston:

Be it resolved that the Assembly approve in general the fiscal policies of the government.

[Adjourned debate April 13: Mr. Martin]

MR. DEPUTY SPEAKER: The hon. Leader of the Opposition.

MR. MARTIN: Thank you, Mr. Speaker. It's good to participate in this glorious debate on this glorious budget now that the government is promoting . . .

MR. DEPUTY SPEAKER: Order please, hon. member. The Chair forgot something. Would the hon. member and other members of the House agree to reverting to Introduction of Special Guests?

HON. MEMBERS: Agreed.

head: **Introduction of Special Guests**

MR. DEPUTY SPEAKER: The hon. Member for Cypress-Redcliff.

MR. HYLAND: Thank you, Mr. Speaker and all hon. members. I'd like to introduce to the Legislature Rosemary Church, president of the Alberta School Boards Association, who has come to watch the action of the Legislature this evening. If she'd please rise and receive the warm welcome of the Assembly.

MR. DEPUTY SPEAKER: Thank you very much, hon. Leader of the Opposition.

head: **Government Motions**
(continued)

MR. MARTIN: Well, now that the Conservative government is a firm advocate of big deficits, I'm sure Preston Manning and the Reform Party won't love them quite as much as they did before. I want to say positively to the Treasurer – I wish he was here. I always compliment him. He is a good reader. He seemed a little hesitant on this budget, though, a little choked up after the previous one that he had. One thing I can give the Treasurer: he's probably the best spin doctor that I've ever seen. He can stand and try to put the best light on last year about the balanced budget. He was running down the Ontario government about deficits, Mr. Speaker. This year he's an advocate of those same deficits. I have to admit that he is a good spin doctor and does a good job on an indefensible case.

I wanted to go back on that budget because I think it's something that Albertans should be aware of. I can remember the Treasurer bringing it in, smiling over at us. "This is a balanced budget," he said. Yes, I do remember the backbenchers pounding

their desks and getting quite excited. I didn't think the pounding for this budget was quite as joyful as it was the previous one.

AN HON. MEMBER: More sincere.

MR. MARTIN: Maybe more sincere. It could be.

The reality was that it wasn't only a balanced budget; my God, this magician had a \$33 million surplus. What a Treasurer. What a government. As we said at the time, this budget wasn't honest to the people of Alberta. They had taken onetime funds, like lottery funds, the sale of AGT, and thrown them in to get the balanced budget. We said at the time that they were vastly overestimating the revenues. It wasn't just us; people in the oil patch said the same thing. They had taken perhaps the most optimistic point of view that they could in terms of oil and gas revenues. You know why, Mr. Speaker? Because this was a PR political budget. The government and the leader were in trouble going into their own convention feeling the pressure from the Reform Party and they needed something, and they needed to say that they had a balanced budget.

Now, I don't believe for one moment that the Treasurer believed that he had a balanced budget. He's too smart for that, Mr. Speaker, but it was deliberate. It was not only deliberate; they went around spending taxpayers' money telling Albertans through television and newspaper ads: isn't it wonderful that we have a balanced budget. Wasted some more of taxpayers' money to do that. I think we knew that they really didn't believe it. In fact, I knew the Treasurer didn't. I think it became evident later on. I believe it was in June when he brought in his Bill and said, "Oh, yes, we have a balanced budget, but can I borrow \$2 billion more just in case?" "This is good business management," he said, as I recall. That told us right then that they knew full well that they didn't have a balanced budget and that they never had any intention of having a balanced budget. I stress that this is basically a PR political exercise, and unfortunately it's very sad because all the people of the province of Alberta, all the taxpayers, are going to pay a price for this.

Now, Mr. Speaker, it's bad enough as far as it goes, but when you look at the actual deficit, it's much more than the government gives credit for. They say \$1.5 billion, but really when you look at it, if you look at the consolidated debt, it's much higher. The special warrants: yes, we've spent \$406 million, but miraculously we had some savings of \$276 million. Now, nobody knows where, what they sold off. We'll find out in the public accounts later. You always know when we see the public accounts. Later on down the way it's always worse than what the Treasurer said.

I knew that one day – and I was hoping the Treasurer would be here; I'm very disappointed that he's not – we would have this face-off down the way, Mr. Speaker. [interjections]

AN HON. MEMBER: Order, order.

MR. MARTIN: Order, order. Yes, Mr. Speaker. I apologize. I wish I could talk to the Treasurer personally.

You may recall that back in November I predicted that we could be up to a \$1.9 billion deficit. Under the headlines on the front page of the *Edmonton Journal* it says, "Ridiculous" [says] Johnston." Ridiculous. I knew at that point one of us was going to be wrong and one was going to have to eat crow. Admittedly, it would have been better for the province's finances if it was me. This is what he said:

"That number is absolutely ridiculous," Johnston said.
He goes on to say:

But Johnston said it is ridiculous to think that such circumstances have derailed the government's fiscal plan.

Spending restraints are holding strong, [he says] the exchange rate is softening and the price of oil has held above the government's forecast, he said. And gas revenues could yet rebound with a cold winter, Johnston added.

Well, Mr. Johnston, now we know who was wrong. Now we know who was wrong. Unfortunately, again, it was the Provincial Treasurer.

Now, Mr. Speaker, let's go on. It's been a habit of this government to put the best possible light on the circumstances. They did that for all the deficits, eight deficits in a row. Always mislead the people of Alberta. Always try to put on the best light possible. They do that with the trust fund. I don't know why they do this, because it doesn't help any of us down the way, and I think they end up looking silly after a point. They lose their credibility.

We had the debate the other day in question period about what the trust fund is really worth. Now, why keep saying that it's worth over \$16 billion? Even the Treasurer knows that deemed assets – you're not going to sell Kananaskis. Well, maybe with this government I shouldn't say that they won't sell parks and hospitals. They'll be so desperate down the way. If you had to liquidate the trust fund, everybody knows we're not going to get \$12.1 billion. The University of Alberta says \$9.6 billion. We can argue that figure, but you're not going to get the money you spent on Alberta Mortgage and Housing, Alberta Opportunity Company, and the Agricultural Development Corporation: all these companies. Why do we keep doing it? It sends a message to the rest of the province that somehow we're still rich; we have the trust fund. What benefit is it to us other than for a political advantage here in the province? I think they're fast losing their credibility there.

It's time for some honesty in this government. Let's tell people the way it really is. They can understand it. They can take it, Mr. Speaker. Why put the most optimistic point of view on our financial status in this province?

Mr. Speaker, let's go from last year and the trust fund to this budget this year. Now, let me say first of all that when we look at the estimates of this particular budget, it is much more realistic in terms of the revenue projections. I'm talking about the price of oil and gas specifically. In fact, this year – and I'll go over some figures that have been given to us by the oil industry, and I hope it's the case – they may be even a little low, but much better that way than the previous way, and that's what I've said to the Treasurer in the past. You know, be a little conservative in your estimates. If you get more money at the end, okay. That's better than the other way. I think it is important that we look at our oil and gas revenues because they still are important to our revenues.

8:10

I want to just take one projection – they've been pretty good in the past, and I'm sure some of the Calgary members will be aware of them – the Sproule forecast. We looked through their documents because I think this is important when we look at the future. First of all, on oil prices they say that they're

expected to remain constant for the next year and to increase thereafter at a rate that is greater than the inflation rate, until the real price for West Texas intermediate crude reaches [about] \$25.00 per barrel in the year 2000.

So a gradual increase, maybe slightly above inflation. I think that's probably fairly realistic, and I admit that nobody can look at this with perfect certainty.

My point is – and I'll come back to this – that there's not going to be a quick windfall here. This is a very gradual process that

they're talking about. In fact, they say that it is now obvious that it is not forecast that we will ever return to prices that are equivalent to those experienced in the first half of the '80s. In fact, the real price in 2000 is expected to return to the price in effect in 1987. The days of high prices for oil production are gone for good. That's their projection, Mr. Speaker. In the charts that they have, just to compare it with the Treasurer's prediction – he's predicted \$19 a barrel – they say \$20 a barrel in 1991-92 and going up gradually to what I talked about. So again better to be a little cautious. That's what we said last year.

Gas over the long haul, as we all know, is much more. It's even more important to us than oil over that longer period of time. The news isn't particularly good here either, Mr. Speaker, over the long period of time. I notice that the Treasurer's projections again are cautious, and again that's good. He says \$1.20 mcf. The Sproule consultants' predictions go right to 2013, but for 1992 they have a high price which they think could be \$1.67, a mid-range of \$1.32, and a low price of \$1.26. So again the Treasurer is even a little lower than their low price. In 1993 they talk about a high price of \$1.89, a mid-range of \$1.48, and a low price of \$1.31. I can live with the Treasurer's predictions this year, albeit they might be slightly low this year, much better that way. It's a better way to budget.

Even this year in doing that and giving them credit for those predictions, they're still doing the onetime thing: the \$300 million raid, if I may say so, on the municipalities and the Local Authorities Board. That \$300 million has been put in to keep the deficit down lower than it would be. That won't be there again next year. Of course, my argument is that that should have been used with the cities. I believe it was their money. I've made that case; I won't bore people again. They could have said, "Look, let's work together on an Alberta works program here," \$300 million into that, working with the cities delivering those services. That would have had a much bigger impact than what they're doing in terms of job creation, and they would have had allies with the people that put the money in, especially in the major cities. It would have had a tremendous impact. Again, it's slightly misleading because that's a onetime amount of money that's going to go in. It won't be there next year, Mr. Speaker. I suppose we could sell off some other things. We're basically selling off our assets. It's just like selling our house to pay off our credit cards. That's basically where we're at, and perhaps they'll be doing that again next year.

Mr. Speaker, moving from there, I would like to look at the deficit that is predicted. Now, it's interesting to me that last year deficits were a bad word; this year they're okay. Interesting. Last year if we talked about a \$2.3 billion deficit, my goodness, the members opposite would have been screaming at us: "Those spending socialists. Spend, spend, spend." If they were in opposition and we'd brought in a \$2.3 billion deficit, I can imagine what they'd be saying. I can imagine the Treasurer in question period. It is serious, and no amount of flip-flopping on this issue right now by this government – all of us must recognize that this is a very serious matter. That \$2.3 billion deficit when you take in the consolidated debt is much more than that. Again they're misleading on this, because that is actually \$2.913 billion. Almost every other jurisdiction I'm aware of puts those two debts together. That's the reality of what the deficit is, Mr. Speaker. Through the capital funds and what's coming from the trust fund, we have a \$2.9 billion deficit next year.

I want you to think about this. The people over there are supposed to be fiscal Conservatives. That debt just for next year works out to \$1,167 for every Albertan in the province, the debt that they're going to be carrying just for next year. I would

remind them, as we did in question period, that since the Premier has come to power, that's eight deficits in a row now, totaling \$15.76 billion. That is a serious matter.

To go on and look at it a little differently, Mr. Speaker, back in those years at the start when you had net assets, we looked at our assets in the province of \$11.887 billion. Now we are in fact a debtor province. Our accumulated deficit is \$4.57 billion. People can try to put the best spin on it, but that is the reality of what's happened in this province in the last number of years under the leadership of this government. I know they now think deficits don't count, but all of us know that over a period of time if you're paying more and more and more on your debt, you're not going to have anything to pay for anything else down the way. So we have to acknowledge, all of us that are elected to represent this province, that this is a very, very serious financial situation that we're in. As I say, last year they talked a good line: fiscal Conservatives. Now, I didn't always agree with them, and I certainly didn't agree with their priorities, but that was the line last year. I said that this year they're big Liberal spenders, and now they've learned to love deficits. What a switch in the rhetoric. If we go back to the session last year from this year, it's amazing. The leopard can change its spots. It is an amazing sort of thing.

I just have to go back. As I say, I certainly wish I could talk to the Treasurer about this. When Ontario was facing decimation from their manufacturing industries, lost 300,000, they tried to put some into job creation. "Oh, those crazy socialists." Do you remember that? "Spend, spend, spend." That was the rhetoric last year. Well, let me bring it to the attention of the hon. members opposite. Let's look at some comparisons. We're talking about the consolidated debt. Other provinces, including Ontario and B.C., which I'm going to talk about, report their financial results on a consolidated basis.

MR. McEACHERN: As this government should.

MR. MARTIN: As this government should, precisely, if they didn't want to mislead people, Mr. Speaker.

In per capita terms – listen to this hon. members; these are the people you were berating last year – Alberta's projected consolidated deficit of \$2.94 billion this budget year, as I have already mentioned, works out to \$1,167 for every Albertan. This compares to \$979 per capita deficit contained in the Ontario budget last year. Mr. Speaker, they must be blushing. They should be embarrassed after all the rhetoric we heard last year.

8:20

Let's compare now to British Columbia. Alberta's projected per capita deficit of \$1,167 this year is over twice as high as the \$531 per capita deficit forecast by British Columbia in their 1992-93 budget. Those spendthrift socialists in B.C. can't spend like the Tories in Alberta, just can't do it. No, Mr. Speaker, they should be ashamed of themselves.

The more important point is this – let's look at this seriously – accumulative deficits year after year, and now the Treasurer admits that this is just the beginning. At least that's what he says, and these deficits are going to continue it looks like forever now, Mr. Speaker. I think Albertans are going to rightfully ask all of us, regardless of what political stripe, "How are we going to pay for it?" Because every year we're going to be paying more and more and more to pay for our debt. That has big implications when we want to do something in education and health care and the rest of it. Every year that's going to happen.

It will be interesting to see what happens with our credit rating now when all the people in New York and all the people that this

government supposedly loves say, "Hey, look; this Conservative government just deliberately brought in a \$2.3 billion deficit." I bet you our credit rating goes down, Mr. Speaker, and we're going to have to end up paying more on our debt because of that. Make no mistake about that.

What we're basically following now with this government is Reaganomics: don't worry about the deficit; cut some taxes here. Well, we know what happened with Reaganomics in the United States. It didn't work, and they're facing serious problems, Mr. Speaker. This is precisely what this government's trying to follow, worn-out ideas that didn't work in the United States.

How do we deal with this serious problem that's being created with the waste and mismanagement, if I can say, with this particular government? Well, the first thing: it's time to level. It's time to be honest with Albertans. It's time not to put the most optimistic point of view and try to distort the facts, Mr. Speaker. What we should do, and I know it won't happen because it would be more embarrassing, is bring in an independent financial group to take a look at what the real story is in Alberta so people understand it. I suggest that what I've said is probably, if I may use the words, a little conservative in the total deficit that we have. We should do that. The Treasurer should say, "I'd be glad to do that." If he's so sure about the trust fund and he's so sure about all the things he's saying, let's bring in the pros and take a look at our finances so Albertans know. It's important that the people know exactly where we stand. It's important for us to be honest with the people.

Then the second thing is there has to be direction at the top. If Albertans are going to understand the serious economic situation that we're in, they've got to feel that the politicians and the top people understand, and they're sending down a clear signal to them. You cannot justify having the biggest cabinet in Canada outside of Quebec with three times the population when we're running serious deficits now. You just cannot justify that. That sends a message to the people of Alberta. What I'm suggesting: if you cut the cabinet down eight, to even 18 – maybe it could go further – our estimation is that would save \$17 million. That's not just the salaries. With this government, you think you're more important the more people you can hire around you in your political offices and that. You would save a lot of money in delivery of service. I suggest to you, Mr. Speaker, that this would lead to a better delivery of services system. In some cases, we can have three or four different government departments dealing with the same clients. The left hand doesn't know what the right hand's doing. So I say to you that we'd save money, send an important message to people, and I think have a better delivery of services if we did that. People aren't going to take you seriously when we have this big, bloated cabinet. They say: "Well, let them deal with the deficit. It's their problem, not ours."

Also, I notice, after we've been talking about it, they say they're going to, where they can, cut back the boards and commissions. I say change the legislation if you can't cut them. Let's cut off a lot of these useless boards and commissions, Mr. Speaker. A lot of them are patronage anyhow. Let's see if we really need these things. That's the type of things that we can cut. Send that message out. I suggest to you there are millions of dollars to be saved there, millions. I say to the government members here that if we really want to send a message, if we want volunteers involved, we don't need MLAs on those boards taking extra money. That's the type of message that we can send to Albertans.

I've suggested that all the people, not just the ordinary MLAs but the Leader of the Opposition, the Premier, the cabinet, people that have extra titles for whatever take a pay cut rather than a freeze, as Saskatchewan did. That would be a much more

effective means of telling Albertans that we're saving. [interjection] Oh, I know you're worth a lot, hon. member. We should double your salary because of the contributions you make, but the rest of us could probably do it.

That's an important message to say to people: that we do understand that times are difficult, that there's high unemployment, that there's a recession, Mr. Speaker. [interjection] Oh, I'm sure you're worth it too; what can I say? It's interesting that everybody's worth it. But that's the type of message, whether you're worth it or not, that could be sent out to people, and it would be respected.

The other thing, Mr. Speaker, to start at the top level, is similar to what the NDP government did in British Columbia and what we've been advocating. There's this great cynicism against all politicians regardless of their political stripe. We have to recognize that, acknowledge it. Some of it's fair; some of it's unfair admittedly. One of the things that we have to get away from is MLAs determining their own remuneration. Whether it be pensions, salaries, whether it be boards that we sit on or any other thing, we should have an independent commission to look into that and go by it. That's precisely what the NDP government did in British Columbia, because they didn't want to jack around with all these other peripheral issues that we get into trouble with all the time. As you know, we've suggested in the past that we have somebody, if you like, from the Alberta Federation of Labour, somebody from the chamber of commerce, somebody on a fixed income, somebody elected from the province. Let them look into it, and let them decide. Nobody should determine what their own salaries are, their own remuneration.

Look at all the other things that we do, then let's live by that, and some of that respect will come back, and people will listen to us when we talk about having some serious economic problems in the province. Those messages have to start at the top, because we're all being targeted. That's the reality.

Then, Mr. Speaker, after we start there – and that's an important first start – there aren't going to be easy answers. Admittedly these deficits that we're running on are structural now. I've gone back into the past and said why they occurred. I won't bother with that at this particular time. They're there. We have a structural problem, but we still have to ask the same old two questions. All governments collect money from the people, taxes, dig into people's pockets for whatever reason, and absolutely the first question that one must ask is: are we collecting those taxes fairly and equitably from all sectors of the population? My answer to that is no, we're not in this province. This is a tax haven, generally, for people that have some wealth. Now, I'm not saying they can be overly taxed. I think that what other places are taxing has to be looked at, and it has to be comparative. It won't solve all our deficit problems, but there is clearly some money there to be collected from wealthy Albertans who aren't paying their taxes plus profitable corporations. I'm talking profits; they have to be making profits first to pay taxes. We can collect some money there, and we should do it. These are the people most able to deal with the recession, most able to help us through. You know, it's always interesting to me to watch, though, some of the big corporate executives telling everybody else that they have to restrain themselves and they have to tighten their belts, but at the same time they don't want to pay any taxes. Well, I say to them that it's time they got in the real world and that they have an obligation to start getting us through these tough times, Mr. Speaker. They can darn well start to pay a fair share of the taxes. This government should be making sure they're doing that, but they're not.

8:30

I think there are other sorts of things we can look at. Surtaxes, a higher surtax on the wealthy. We're going to have to take a look at what we're doing in some environment areas. We're certainly going to have to look at the revenue side of it much more than we have, Mr. Speaker. That's part of the equation.

The second question, though, that we all must ask – after governments collect those taxes from the people, they all spend the money. Now, in this government they always spend more than they take in, but they all spend money. Especially during these tough times, Mr. Speaker, we really have to ask this question: are our priorities correct? Are we spending on things that are necessary? Are we spending it on the things that people need, not what they necessarily want but they need? Have we cut away all the silly, the frivolous, and the unnecessary expenditures? Have we cut back on the things that may be desirable but we can't afford right at this particular time? I suggest to you that we haven't. We haven't done that.

The reality is that we can't spend because we have a billion and a half in failed businesses. For a free enterprise government, I never understood that, Mr. Speaker, other than they're good Conservatives and we hand out money to them. We can't afford to do that. I know we're going to cut one MLA; big deal. We can't afford to have agents general, as our Senate, all over the world at this time. We can't afford it. Our international trade department is going to have to do the job that others do in promoting trade. We just can't afford a lot of the things that we're talking about. What we have to do, Mr. Speaker, is look at that. Last year we figured we could cut half a billion; I talked about it. I expect there's more there that we could cut and ordinary Albertans would not miss it one iota. They wouldn't even know that we cut it. It wouldn't affect their lives at all. This is why you can't have the single-minded Reform approach that all of a sudden they can solve all the problems. They would cut everything and they'd drive us deeper into recession.

We have to ask the questions. We have to worry about the financial deficit too, Mr. Speaker; I admitted that. In other words, what happened, again, in British Columbia is that they cut every department except four: the job creation department, because they have high unemployment; Education; Health; and Social Services. Every other department was cut. I can argue the economic sense of that with anybody. We ask the question: does it make economic sense to have a healthy population? The answer is yes. Does it make economic sense to have a well-educated population? The answer is obviously yes. Does it make economic sense to help the poor to help themselves, to become taxpayers? Yes. Does it make sense to put people back to work rather than have your welfare budget skyrocket, as it has here? Yes. Well, what this is going to take is a plan, not only from one year to the next but over a five-year period, to get our priorities straight, and we're not doing that. We're not doing that.

I want to come to what this latest budget is really about, Mr. Speaker. This is clearly a postpone-the-inevitable budget, or what I would call a pre-election budget. Now, I don't think we're going to rush out tomorrow – don't get me wrong – but I will make a wager with the backbenchers that this is the last budget we're going to see before another election. Of course, that takes us into next spring. Oh, I hope that's not the case. [interjection] More time. Stockwell thinks he's important, but the Premier still makes the call on the election. [interjections]

No, what I said is that we're getting ready. We're ready: that's what I said. Last time they went two years and 10 months.

We're just about ready. We want them to call it whenever they have the courage to do it, Mr. Speaker.

What this is, if I may say, is the last budget, and what they have done is said: okay, we'll just let the deficit ride; we'll try to fool the people about the tax. As I pointed out to the Premier, he'll get \$220, and a person making \$20,000 will get \$17. Yeah, that's real fair taxation, Mr. Speaker. The reality is that what they have done is postponed it. The only thing that this government cares about anymore – they've been in power so long it's the only thing they understand – they want to cling to power at all costs. If it means postponing the inevitable, we will do that, because we don't want to get people angry; we don't want to tell them what's really going on: that's what this budget is all about. That's the reality of it. Albertans understand that full well.

Mr. Speaker, when they go to the polls, they won't tell the truth, just as they did last election. Watch; if this government, which won't happen, is re-elected, you can bet – the Treasurer and the Premier are talking about a sales tax, accusing everybody else about it. All their buddies now are calling for a sales tax. Whatever the chamber of commerce calls for, whatever the oil patch calls for, inevitably this government does down the way, just as they wanted deregulation. Obviously, that has created the problems. They are now calling for a sales tax, and their puppets here will be doing that after an election if they're returned. Mark my words; that's where we're going.

Also, to deal with the deficit, all of a sudden they'll be worried about the deficit again if they're re-elected. That won't happen, but if they were re-elected, then there'll be the vicious cuts in the people services that Conservative governments are known for, Mr. Speaker. That's a reality. That's what we know is going to happen. That's why this budget is irresponsible, because it's just postponing, as I say, the inevitable, dealing with anything till after the next election.

I want to say to the Tories, as I said the other day, that this is a government that's bankrupt financially and bankrupt of ideas. That's the reality of it. If all the people in this government feel so confident, if they are so confident that they've been able to put the spin on the budget – all of a sudden deficits don't matter anymore, and this big tax cut, the \$17 that ordinary people are going to get – if they're so confident about it, go to the polls. Call an election; scrub your courage; go for it. But if you don't want to do it, we'll be ready whatever you do, Mr. Speaker.

The tragedy of all this is that as long as we have this government continuing to mismanage, spend their way and not get their priorities straight, we're just postponing the problems that will be more difficult to deal with a year from now, two years, three years, four years from now, Mr. Speaker. That's a tragedy. It's the people of Alberta that are suffering from this Conservative government. The old saying, Tory times are tough times, is really true. It's true in Canada, and it's true in Alberta. The Premier is here; I say to them: call the election. Do the people of Alberta a favour. Let's call the election.

MR. DEPUTY SPEAKER: The hon. leader of the Liberals, the Member for Edmonton-Glengarry.

MR. DECORE: Mr. Speaker, we know they don't have the courage to call the election. Cowards, call the election. Don't run away. Call the election. [interjections]

MR. DEPUTY SPEAKER: Order. Order please.

MR. DECORE: Mr. Speaker, thank you.

MR. PASZKOWSKI: At least we came to listen to you.

MR. DECORE: Well, listen hard. Listen hard now, because I've got some positive suggestions for you, hon. Member for Smoky River, some positive suggestions. So listen hard.

Mr. Speaker, many members on the opposition side have used the word "crisis," including myself. I took a moment to look at the *Oxford* dictionary to look at the definition of "crisis." It is, according to *Oxford*, a time of danger, a time of great difficulty. I don't think that "crisis" is strong enough. I think the word that is needed is a word that's much stronger to define and explain to Albertans the serious situation that we find ourselves in.

8:40

It's necessary for the record, Mr. Speaker, to put some facts down and to ensure that Albertans know exactly what that record is. We now have our seventh consecutive deficit budget. We now know that deficit budgets will continue, according to the Treasurer, probably until '95-96. We know that when the hon. Member for Stettler and the hon. Member for Lethbridge-East took responsibility for their portfolios, Albertans had some \$9 billion in assets. They've lost all that under the leadership of the Conservative government. We don't have a penny left. We don't have any assets for Albertans. We have, in fact, a few hundred million dollars in debt, and it's getting further and worse in debt since those two hon. gentlemen took responsibility for their portfolios. The Dominion Bond Rating Service shows that debt has risen by some 340 percent until March 31, 1992. The nearest province in terms of a rise in per capita debt is the province of Quebec, and they only went up by some 42 percent. The situation, we now know after this budget, will become even more serious.

Debt servicing charges, when these two hon. gentlemen took over responsibility for their respective positions, were some \$185 million for Albertans. Debt servicing charges, according to the latest budget document, are now 1 and a quarter billion dollars. This is now equating to the fourth largest department of government. We have expenditure growth of 4.2 percent, not 2.5 percent but 4.2 percent, because you must factor in, as any businessperson would know when they're doing their books, the cost of borrowing money.

Mr. Speaker, what is sad is that recession has been with Albertans since 1983. I was part of local government with a lot of hon. members in this Assembly. In 1983 municipal governments had to adjust to the recession. In the city of Edmonton some 2,000 civil servants were let go; 26 percent of the management of the city of Edmonton was right sized or downsized. But the government of Alberta did nothing. There was no attempt to downsize or right size or to get things under control. Revenues were projected willy-nilly on the high side, with great difficulty thereafter.

In fact, in the last election, Mr. Speaker – and this really says it all – the Conservative Party under the leadership of the hon. Member for Stettler made promises that totaled some \$6 billion. Remember the paving of every secondary highway? That was one of those. [interjections] Yes, and that's why we have the deficit that we do, hon. gentleman and lady. That's why we have the deficit that we do. I think you should be ashamed of it, hon. members on the government side. Be ashamed of it. You've created a dreadful situation for Albertans. [interjections] I know this is getting under the skin of the Conservatives, but they're going to have to continue to listen to the bad news. Continue to listen to the bad news, and the suggestions for making things better will come.

Mr. Speaker, the only conclusion that Albertans can come to is that there is indeed a crisis, and that a dreadful legacy is being left for the children and the children of those children that must look after this huge debt.

Mr. Speaker, the only thing that one can speak of in terms of positive notation in this budget – and the hon. Leader of the Opposition has already made this point – is that for the first time in any budget that I've looked at that's been brought down by this government, there is a reasonable statement insofar as the expectation of revenue is concerned. The price for oil and the price for natural gas are given to us in cautious terms rather than in the ridiculous terms that we've seen in the past.

Mr. Speaker, the thing that remains that I've spoken of has been cleaned up. The thing that remains that continues to irk members of the opposition and members who understand the reading of financial statements, what continues to irk the Auditor General, anger the Auditor General, is the fact that phony accounting continues to be used by the government in making their case better than it really is. The Auditor General has repeatedly called for consolidated statements like other provinces use. That process shows the true financial position of the province, instead of mixing debt and capital funds and heritage funds and using the General Revenue Fund in the circuitous and improper way, the way that isn't according to Hoyle, according to proper and acceptable accounting principles. The government uses this phony accounting technique to hide the real facts.

In question period, Mr. Speaker, I rose today to alert Albertans to the fact that some \$336 million has been set out as an expenditure in the Capital Fund. These are moneys that will be borrowed, debt will be created, but that debt isn't shown in the proper accounting way that it should be, all to hide and to make it look better than it really is.

Mr. Speaker, the other thing that we've seen in this budget is the band-aid solutions. When you're in a crisis situation, you run around putting out brushfires. Last year it was the theft of some \$225 million from the Lottery Fund. This year it's a theft of some \$300 million from the Alberta Municipal Financing Corporation, something that hon. members, when they go back to their constituencies, when they meet members of municipal councils, are going to hear a lot more about. [interjection] No, you're going to get a lot more flack over that particular issue, and you deserve it. You've made a promise to do AMPLE funding to a certain extent, you've reneged on that promise, and now you steal the money that belongs to municipalities. The hon. Member for Clover Bar should know this better than anybody.

Mr. Speaker, the next issue that must be addressed is: what about the future? What happens to the future? What happens to Albertans down the road? Well, I have to remind members of this Assembly that the Conservative government promised a balanced budget for 1990. I guess you could give them one reneging position. They reneged on that promise and said that instead of 1990, it would be 1991. Now the Conservative government doesn't even promise a balanced budget. What we have are promises of continuing deficit financing.

The Dominion Bond Rating Service did an assessment, a very recent assessment, of the financial picture of Alberta along with the financial picture of other provinces. As at March 31, 1991, that bond rating service noted that the true debt, the consolidated debt, of the province of Alberta is some \$17.7 billion. With this new deficit, we are now clearly at the \$20 billion level. Mr. Speaker, I have been asking and our party has been asking and Albertans have been asking for a plan to deal with this structural deficit problem for three years now. We've been asking for a

plan to deal with and pay down the huge debt, this \$20 billion cloud that now covers all Albertans.

8:50

But the Treasurer is fuzzy. There is no plan. I have to conclude that, because every time that question is put to the Treasurer and to the government, put to the Premier, we get fuzzy wording back. Today when I asked the question of the Treasurer, asked him to define what he meant by eliminating the deficit over the business cycle, I didn't even get Keynesian philosophy back; I got some muddled version thereof. The sad part is that we know that this process will continue on and on and on. Even the Treasurer himself admits that we will have a 2.5 percent rate of growth but that won't be good enough to solve the deficit problem of Alberta. Even 6 percent won't be enough; deficits will still be incurred at 6 percent. If we project the Treasurer's own thoughts and his musings in terms of '95-96, we can easily project and calculate that we will have a debt of \$39 billion, and an annual service cost – that is, cost to service the debt on the moneys that we've borrowed – of some \$4.9 billion.

I've noticed with great interest, Mr. Speaker, the new mind-set that has developed with members on the government side, particularly the Treasurer. The Treasurer says that debt should be part of everyone's business plan. Now, that's an incredible statement to justify the continuation of deficit financing. The Treasurer says that Albertans can incur more debt. I have to repeat that for my hon. members so they hear that: Albertans can incur more debt. He uses as an example the fact that a household in Alberta can pay up to 35 percent of its income towards the servicing of a mortgage. I guess if you look back at \$4.9 billion of servicing costs on our mortgage – that is, the Alberta mortgage – this is coming close to that 30 percent or 35 percent that he's talked about in his example.

Mr. Speaker, much has been made of a tax cut; \$46.67 is to be put into the hands of Albertans. What we have to look at is the other side of the equation, the other side of the scale. What also happens in this budget is that some \$911 of debt per capita is added; that is, added to every Albertan. The interest charges on that \$911 are better than double the \$46.67 that we recoup. What do we do? What's the plan; what should be the plan? What are some ideas that can get this situation under control? Well, I have suggested in question period that the Premier call in the cavalry.

The Premier and the minister, the Treasurer, and this government haven't been able to deal with this very serious situation and haven't been able to come forward with a plan. The government of British Columbia called in outside experts Peat Marwick at substantial cost, but that outside expertise, in addition to the fact that there was more deficit than the Social Credit government was stating, identified and set out a plan to pay down the debt and to control the deficit in British Columbia. Now I'm asking, pleading, with the government, a government that hasn't been able to deal with this problem, to call in outside experts. That particular accounting firm had as its lead the general manager of Peat Marwick, who is located in Calgary. We can find people within our own province to solve this problem, a problem the government hasn't been able to solve.

Well, some positive suggestions. The first thing that needs to be done is that the budget review process needs to be changed. I like the process in Ontario. In Ontario the opposition are allowed to pick 12 departments for a line-by-line review, a program-by-program review. Opposition members are allowed to demand the appearance of deputy ministers before those review processes, those review committees, and ask for any functionary that is needed to explain a program. If the program can't be

explained properly, it has the likelihood of being chopped. Or, if the program isn't reaching the objectives that it should be, it's cut back.

The other interesting thing about the process in Ontario, Mr. Speaker, is that opposition members can demand documents to show exactly what's happening with respect to programs. If the hon. minister of economic development is going to give a riverboat enterprise a particular benefit, opposition members can demand and see and analyze that document to see if Albertans are well served. We've seen in this Legislative Assembly that when that kind of request or that specific request is put forward, ministers stand before this Assembly and say oh, no; that's secret information between a government and entrepreneurs. We're talking about taxpayers' moneys. Surely taxpayers have the right to see documents that make them liable to pay for somebody's failure.

The next thing I would like to suggest, Mr. Speaker, is the expanded use of the Auditor General. We have put forward by way of an amendment to the Auditor General Act the suggestion that the Auditor General be given productivity and efficiency audit power; that is, additional power. Allow the Auditor General to go into a department and determine where there are too many people or too much equipment. Allow that Auditor General to say that there's too much fat in the system, and here's the way it should be cut out. Everywhere they're used, auditors general say, you can save up to 10 percent after a productivity and efficiency audit is done. On a review of a budget the nature of ours, the huge sum that ours is, hundreds of millions of dollars could be saved.

The next suggestion I have, Mr. Speaker, is to impose sunset provisions on programs. If an economic development office is going to be set up – by the way, I think they all should be shut down during this extreme crisis that we're in; we need to save money – then put some objectives with respect to that program. See if those objectives are met the next year, and force this Legislature to review that program to satisfy itself that in fact those objectives have been met. If they have not, cut it out. Get rid of it.

Mr. Speaker, the next suggestion I have is to employ the free vote system. I even am game to use the referendum on this process. It is to control and deal with operational and capital programs. I think it's now necessary, that deep surgery is now needed, and the help of this Assembly is needed. Allow for a list to be made up of the programs that this Assembly allows to be funded. Allow programs on the capital side to be set out in terms of a listing of priorities. List the priorities for operational programs and list the priority for capital programs. Then have the Treasurer say there is only so much money that goes partway down this list of operational programs and only partway down the list of capital programs. Thereafter, we either cut operational programs or cut capital programs, or we cut and find some other basis to fund those programs. But it's now time to invite Albertans to participate, to solve this huge problem, this huge crisis.

Mr. Speaker, the final part of the plan – and it cannot be used until those previous details are put into place, because it should not be used as a band-aid fix – is to take the heritage trust fund, sell it, and apply the assets to the debt so that you're not incurring interest charges on the debt that you've run up.

Mr. Speaker, we're often asked for positive suggestions. We're often told that we're too negative, that we highlight the negative and not the positive. Well, I invite and I challenge this government to take up the suggestions that have been put forward, a plan of action that's similar to the plan of action that has been set out

for the province of British Columbia, and start solving this terrible, terrible problem.

Thank you, Mr. Speaker.

9:00

MR. DEPUTY SPEAKER: The hon. Member for Little Bow.

MR. McFARLAND: Mr. Speaker, I've enjoyed listening to the comments and the opinions of . . .

MR. DAY: What?

MR. McFARLAND: Sure I have.

MR. DAY: You must be new.

MR. McFARLAND: . . . the two parties in opposition, and at this time I would request that we move to adjourn debate.

MR. DEPUTY SPEAKER: Having heard the motion of the hon. Member for Little Bow, all those in favour, please say aye.

SOME HON. MEMBERS: Aye.

MR. DEPUTY SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

MR. DEPUTY SPEAKER: Carried.

Call in the members.

[Several members rose calling for a division. The division bell was rung]

9:10

[Eight minutes having elapsed, the Assembly divided]

For the motion:

Anderson	Evans	Moore
Barrett	Ewasiuk	Musgrove
Bogle	Gagnon	Nelson
Bradley	Gesell	Oldring
Brassard	Hyland	Orman
Calahasen	Klein	Osterman
Cardinal	Laing, B.	Paszkowski
Cherry	Laing, M.	Payne
Chivers	Lund	Rostad
Day	McCoy	Shrake
Decore	McFarland	Tannas
Elliott	McInnis	Thurber
Elzinga	Mirosh	

Against the motion:

Doyle	Hawkesworth	Roberts
Gibeault	McEachern	

Totals: For – 38 Against – 5

[Motion carried]

MR. ANDERSON: Mr. Speaker, tomorrow afternoon it's intended that we would continue with debate of Government Motion 12.

[At 9:13 p.m. the Assembly adjourned to Wednesday at 2:30 p.m.]

