

Legislative Assembly of Alberta

Title: **Tuesday, May 26, 1992**

8:00 p.m.

Date: 92/05/26

[Mr. Speaker in the Chair]

MR. SPEAKER: Be seated, please.

head: Government Motions

Parliamentary Reform Committee

20. Moved by Mr. Gogo on behalf of Mr. Stewart:

Be it resolved that

- (1) A Select Special Committee on Parliamentary Reform of the Legislative Assembly of Alberta be established to consider the current functioning status of the Assembly and review ways of making it more responsive to the needs and values of the citizens of Alberta and elected members within the context of our parliamentary system and traditions.
- (2) The select special committee shall report back to the Legislative Assembly on its deliberations and may make recommendations for change in Alberta's parliamentary system.
- (3) The Select Special Committee on Parliamentary Reform of the Legislative Assembly of Alberta shall consist of the following members: Hon. John Gogo, chairman; Halvar Jonson, deputy chairman; Robert Elliott; Brian Evans; Kurt Gesell; Robert Hawkesworth; Thomas Sigurdson; and Bettie Hewes.
- (4) Reasonable disbursements by the committee for staff assistance, equipment and supplies, public information needs, accommodation, travel, and other expenditures necessary for the effective conduct of its responsibilities shall be paid subject to the approval of the chairman.
- (5) In carrying out its responsibilities, the committee may, with the concurrence of the head of the department, utilize the services of members of the public service employed in that department or of the staff employed by the Legislative Assembly.
- (6) The chairman and members of the committee shall be paid in accordance with the schedule of category A committees provided in Members' Services Committee Order 10/89.
- (7) In carrying out its duties, the committee may travel within Alberta to hear the views of Albertans and to other jurisdictions for the purposes of consultation and examination of their parliamentary procedures.
- (8) When its work has been completed, the committee shall report to the Assembly, if it is then sitting, or may release its report during a period when the Assembly is adjourned by depositing a copy with the Clerk of the Legislative Assembly and forwarding a copy to each member of the Assembly.

MR. SPEAKER: The Deputy Government House Leader.

MR. GOGO: Thank you, Mr. Speaker. In speaking to the motion, I'd like to say at the outset that with regard to the composition of members the hon. Member for Calgary-Bow's name was inadvertently left off, the hon. member Bonnie Laing, through some technical matter of printing. So I would draw that to your attention, sir, as well as to hon. members.

The whole purpose, Mr. Speaker, of this motion, which deals with a select special committee on parliamentary reform of the Legislative Assembly of Alberta, really had its roots with the Select Special Committee on Constitutional Reform, which had meetings throughout Alberta. It listened to many people. I simply quote from the Throne speech of March 19, page 9 for hon. members that have the Throne speech:

In the course of the committee's hearings, many recommendations were made with respect to improving the functioning of this Legislature . . .

The operative word is, I'm sure, "improving."

. . . and making it more responsive to the needs and values of Albertans. My government will propose that a select special committee of the Legislature be established to review how these measures and other reforms might be adopted within the context of our parliamentary system and traditions.

The motion we have before us really in many ways I think is as a result of the views of the tens of thousands of Albertans who made representations to the select committee on the Constitution. For those members who were members of that committee, they will well recall, I think, what that representation was.

Mr. Speaker, dealing with the motion, the select committee shall report back to the Legislature on its deliberations and make recommendations for changes in our system here in Alberta with regard to parliamentary changes.

In addition, Mr. Speaker, as members may see, is the composition of the committee which involves the hon. Member for Ponoka-Rimbey, who has the confidence of the House in that he's the Deputy Chairman of Committees. Northern Alberta is well represented as is central Alberta as well as Edmonton. The government composition sees to it that both the rural areas and the urban areas are represented, and then the Official Opposition has had the courtesy of submitting two members, both I think with some experience in these matters. Of course, the hon. House leader for the Liberal Party is also on the committee.

Mr. Speaker, I really think this is key as we look toward the end of the 20th century as to how the public perceives a Legislative Assembly or law-making body or indeed, to paraphrase someone else, the highest court in the province shall enact laws that in effect rule people's lives. So the operative part of this motion is to have meaningful consultation with a variety of people, not just Albertans. Surely hon. members are aware that you cannot operate in a vacuum. You cannot look at Ottawa, the nation's capital, with the very dramatic changes they made in their House procedures without, I think, taking time to sit down with those members.

As chairman of the Council of Ministers of Education I am well aware, Mr. Speaker, that when you sit down with your colleagues from across Canada, in effect in camera, and politics are put aside, people are very frank and very forward as to what they think should happen with regard to education, particularly accountability of educational matters that frankly I don't think the political parties would fully understand. So in order to have those meaningful discussions, I think it's particularly important to be able to meet those people head on in terms of physical contact. As much as I respect the research function, sir, of this House and even political parties, when one looks at Mr. Fleming's report on Legislatures out of Queen's Park several years ago, now is a consultant, you must see how things function in action. For example, why is it that we in this House do not allow anybody to be on the floor of this Assembly unless they're elected? Well, go to Manitoba and you'll find that half the population's on the floor of the Legislature. Is that something we should look at? I don't know.

As chairman of that committee I do not want to be in a position of indicating what the decisions are before the consultations take place. That's the role of the committee. I think it's very important to have an accurate inventory and a thorough understanding of the various procedures; for example, British Columbia with a 15-minute question period. Maybe we should have that here. I don't know. We now have the longest question period in Canada. We now have in terms of estimates, sir, 25 days, which is as long as the House of Commons.

It's easy to sit in this House and be political and be critical, but I submit that if we're working for the views of Albertans and indeed if the word "reform" means anything, then surely I think this committee has a grand opportunity in accordance with the Throne speech to look at various jurisdictions. I'm not talking about Australia, where the caucus of a government elects a cabinet, or New Zealand. Maybe members here would like to see a caucus electing a cabinet. I don't know. We're not going to find out because we're not going there.

If the concern is financial – and I gather a sensitivity in this period of restraint that finances could be a consideration – I draw members' attention to the fact that the committee consists of nine members, not 16, not 11 as per Standing Orders, but nine members. That's an effort, I think, to show some fiscal restraint. I can assure you that as chairman of the committee nothing will be approved without my signature. For those who think they're going to stay in the Four Seasons Hotel, I serve notice now. It may not be the Y, but it won't be the Four Seasons. Those of you who – well, I won't say that, Mr. Speaker.

Finally, I appreciate concerns I've had from individual members as to the nature of the committee since it's gone on Votes and Proceedings. I simply close, Mr. Speaker, with these comments. We would hope, sir, to utilize the services of your good offices – that is, the offices of the Assembly – in terms of research and other necessities and logistics. Once that work has been completed as per sub 8 of the motion, the committee would report back to this House, if it's sitting, and if of course the House is adjourned, we would file a report to the Clerk of the House, sir, so that it may be transmitted to you.

So, Mr. Speaker, I think this is a grand opportunity for members of this august body to seriously review not only where we've been since 1905, not only be cognizant of what Albertans have told the select committee on the Constitution, but be very mindful of recognizing that someone, I think Dylan, said that times are a-changin' and they're a-changin' fast and we'd better be with it.

With that, Mr. Speaker, I would urge the support of hon. members of this House in establishing what I believe to be a benchmark in the future of the parliamentary system in the Legislative Assembly of Alberta.

MR. SPEAKER: Order please, hon. members. On a procedural basis the Chair must inform the House that at the moment we have five amendments. I think we need to perhaps develop a consensus as to how we might work our way through them.

First, with regard to section 3, I wonder if we might have the voice of the House, hopefully unanimously, that because of a printing error indeed the name of B. Laing, the Member for Calgary-Bow, be seen as being included in that listing of members.

8:10

HON. MEMBERS: Agreed.

Speaker's Ruling Procedure on Amendments

MR. SPEAKER: Agreed. Thank you, hon. Members.

Now, just to go through this. The Member for Edmonton-Gold Bar has sent notice of an addition that would take place in paragraph 2 plus a minor change in paragraph 5. The Member for Edmonton-Highlands has been kind enough to supply the Chair with notice of an amendment which affects paragraph 4 and later one to paragraph 7. In addition, the Member for Edmonton-Strathcona has been kind enough to serve notice of an amendment on paragraph 5.

Now, we could indeed proceed and debate the motion in its entirety, or we might move and go through these amendments section by section. In that case, I would look for some direction from each of the three House leaders at this point, just to give a brief comment before recognizing any members further with a debate.

So, Edmonton-Highlands.

MS BARRETT: Thank you. Mr. Speaker, it is the intention of the Official Opposition New Democrats to make brief and succinct arguments. I would suggest that if we go into deliberation of amendments immediately, comments on the main motion would be precluded. Perhaps we could have quick comments on the main motion and then proceed as you suggested and go through the amendments in the order in which they would affect the main motion.

MR. SPEAKER: The difficulty would be that having recognized yourself, for example, dealing with the main motion and then recognizing the next person, really you have lost your chance to be able to make your amendment. That's my concern. The other way would be to do general comments as we go through section by section – I don't know – and then make your amendment.

MS BARRETT: Okay; that would be fine.

MR. SPEAKER: Edmonton-Gold Bar as a House leader.

MRS. HEWES: Thank you, Mr. Speaker. The Liberal caucus supports this particular motion in principle. It's something that we have spoken about many times in this House and outside of this House. In fact, we've been very outspoken about some of the processes that we believe require change. So I commend the government for finally bringing this forward in the Throne speech and in action here, and I would hope that the committee is able to do its work expeditiously. We believe this is overdue.

We have, as have other caucuses, submitted changes each year that I have been in this House, and time has usually precluded our being able to deal with them. The changes, however modest, have really not occurred, and so we've seen little difference in the Standing Orders since I came into this House.

Mr. Speaker, we've been particularly outspoken regarding the budget process and such things as free votes and some very . . .

MR. SPEAKER: On the procedures, please, hon. member.

MRS. HEWES: . . . relatively simple reforms.

My amendments to this particular motion are therefore simple and I think very understandable. In section 2, and I've spoken with the chairman . . .

MR. SPEAKER: Hon. member, which procedure are you willing to have proceed here? As the Chair am I going to deal with any proposed amendments for section 2 first, and then we will go on from there, or will I recognize you as the member and you try to put forth your case for amendments more than once?

MRS. HEWES: Mr. Speaker, I'm sorry; I misunderstood you. Because we were going section by section and since mine was the first amendment to section 2, I thought that's why you wished to hear from me, sir. I look to you for direction.

MR. SPEAKER: I was asking for advice from the three House leaders, and on that point, the Chair will now then recognize the government.

MR. GOGO: Mr. Speaker, it would seem to me, if hon. members agree with regard to the principles enunciated in Motion 20, that the easiest way to proceed would be to recognize the numerical amendments being proposed, as it would probably be done if it were in Committee of the Whole. I haven't sensed any difference of opinion with regard to government taking the initiative of parliamentary reform as enunciated in the Throne speech and now in Government Motion 20. So that would be my contribution.

MR. SPEAKER: Thank you, hon. members. What we will then do is deal first of all with the notice of the motion, and the Chair will allow some free-ranging debate when we're dealing with the amendments and not make it too narrow.

The first that we will recognize is the amendment from Edmonton-Gold Bar, which has been distributed to all members, and it is just the first portion: "The special select committee may also provide one or more interim reports recommending immediate action to the Legislative Assembly." That's the narrow focus of this amendment.

Debate Continued

MRS. HEWES: Thank you, Mr. Speaker. That was my understanding.

The amendment to section 2, if you'll notice, Mr. Speaker, is an addition that specifies that "the special select committee may also provide one or more interim reports recommending immediate action to the Legislative Assembly." I submit – and I have discussed this briefly with the chairman – that it may be important for the committee to deal with changes to Standing Orders that in fact could take place very quickly, items that might make a considerable difference in the efficiency of the House, in the processes of this House that would not require major debate but are in fact items that we all agree to pretty well.

For that reason, our caucus believes that it's important to place in the motion the potential for interim reports, not to force the committee to wait until a final report is there but to bring in interim reports to the Legislative Assembly, if this is agreed upon in the committee, and to make recommendations to the Legislature to allow the Legislature to act immediately and not have to wait until all of the final material has been gone through. That's the intent of the amendment, Mr. Speaker.

MR. SPEAKER: Speaking to the amendment, the first as proposed there, Edmonton-Highlands.

MS BARRETT: Mr. Speaker, I think this is a sensible amendment. Obviously what it would require is the understanding that the interim report would have to enjoy the support of all members on the committee before any changes could be implemented on an interim basis. If it is the understanding of the Assembly that that interpretation I'm suggesting applies to this amendment, then it seems to me that we should proceed with it.

MR. SPEAKER: The Deputy Government House Leader.

MR. GOGO: Mr. Speaker, the government doesn't have any difficulty with the suggestion by the hon. Member for Edmonton-Gold Bar in that it's permissive. The only caution I would issue is that the purpose of this House authorizing a committee to be a committee to review parliamentary reform is not really to tie the hands of the committee. I think, with respect, the committee must have within its membership of nine members the authority of this House to do a review and shouldn't be, in my view, really predetermining what it's going to do.

Now, looking at the amendment by the Member for Edmonton-Gold Bar, because it's permissive, "may also provide one or more interim reports," I would take that as a given, if in the judgment of the committee they felt they should act on that. In the interest, Mr. Speaker, of seeing that Motion 20 is more acceptable to members, particularly since the hon. Member for Edmonton-Gold Bar is a member of the committee, the government doesn't have any difficulty with that. I, too, along with the hon. Member for Edmonton-Highlands, would not have difficulty on behalf of government accepting that amendment assuming it's in order to you, sir, in the Chair, and it would follow, as I understand it, as sub 2.

MS BARRETT: Question.

8:20

MR. SPEAKER: All right; there's a call for the question. The technical matter is that it would follow as sub 2, and all the others which are developed this evening, their numerical sequence would change.

On that basis, again the amendment is the first part as proposed by the Member for Edmonton-Gold Bar to Motion 20.

[Motion on amendment carried]

Speaker's Ruling Procedure on Amendments

MR. SPEAKER: Just to remind hon. members, on section 3 it has been the agreement of the House to add the Member for Calgary-Bow to that list due to a printing error.

We now move to section 4, and there's notice of an amendment here by Edmonton-Highlands. At this stage the Chair must advise the House that there is some difficulty about having two amendments on the same section here, but this could be overcome – we're checking at the moment – by another member of the same caucus moving the second amendment. This is with regard to Edmonton-Highlands', the first portion's standing order, which is the present number 4.

Edmonton-Highlands.

Debate Continued

MS BARRETT: Mr. Speaker, in moving this amendment, I believe I need to put a couple of matters into context. Perhaps I'd better read it into the record. I'm requesting that what was the motion's section 4 be amended. It will be section 5, obviously, later on. After the words "effective conduct of its responsibilities" the following words:

, such as travel and accommodation costs which may be incurred if the Committee elects to invite a representative of other Canadian Legislatures and acknowledged experts to meet with the Committee in Alberta,

That's the end of the reference.

Now, I'd like to put that into context, Mr. Speaker. You will, I hope, allow a little bit of latitude. I'll speak only briefly, but you'll understand in a moment.

MR. SPEAKER: Forgive me, hon. member.

MS BARRETT: Yes?

MR. SPEAKER: Then the rest of the sentence would still be in there, so this becomes an insert?

MS BARRETT: That's right. It will become an insert, yes.

MR. SPEAKER: Thank you.

MS BARRETT: The purpose of this amendment, Mr. Speaker, is to convince the Assembly ultimately that we need not see this committee travel outside the jurisdiction of Edmonton. It is our belief that if we brought one member, either a Clerk or counsel or Speaker, from another province or a few other provinces to a meeting with the members of this committee, the Alberta committee, and perhaps some acknowledged experts, possibly from the House of Commons, that it would be a darn sight cheaper to get a group of them together here than it would be to send a committee to three, four, or five destinations for one or two days at a time in each destination. That's the purpose of this.

Now, I must say on the record at this point that the purpose of this amendment must be seen in the context of the amendment that I propose to make later on which would amend section 7, striking all the words after "the committee may travel within Alberta to hear the views of Albertans." The words that would be struck would be, "and to other jurisdictions for the purposes of consultation and examination of their parliamentary procedures." In other words, this is a motion that has to be seen in tandem with another amendment in order to see that it is an attempt to save money and curb time expenses as well.

Now, in terms of the main motion, obviously we support the main motion. It seems to me that it was six years and a week ago that I first met up with the hon. Neil Crawford to start talking about changes that the Official Opposition New Democrats wanted in this Assembly. Every year thereafter I have sent several memos on the matter on behalf of our New Democrat caucus to Government House Leaders making the pitch for a number of changes. Just a year ago, Mr. Speaker, the New Democrats released a paper on changes we recommended for the Assembly and as recently as six months ago sought to have those recommendations for changes to House procedures appended to the report of the Select Special Committee on Constitutional Reform.

In closing, Mr. Speaker, I believe the taxpayers of Alberta would appreciate the extra effort that would go with the effect of supporting this amendment and encourage all members to vote yes on this amendment.

MR. SPEAKER: Thank you.

Others wishing to speak to this amendment? The Deputy Government House Leader.

MR. GOGO: Thank you, Mr. Speaker. First of all, I oppose the amendment which the hon. member is proposing, that you can invite a representative from another jurisdiction to Alberta. I know of no previous select committee which is looking at parliamentary reform in near the same context as the proposal in Government Motion 20.

It would seem to me that the hon. members prejudge the judgment of the committee, really telling the committee: "Look, why go anywhere? Why not stay right here and simply have people come out?" I recall a matter of privilege here several years ago that was settled in this House by inviting various experts

out. I simply don't think that will work, Mr. Speaker. I can't prejudge; I'm in the hands of the committee. The motion here effectively ties the hands of the committee. They can't do anything unless they do it here. I don't think that is the intent. The operative words in Motion 20 are "the committee may." Now, if hon. members say, "Well, if you really have to do that, then come back and ask." Hon. members should be aware, hopefully, that this session is going to adjourn some time, and I can hardly picture convincing anybody to come back to the House to move an amendment to Motion 20 in order to travel.

Mr. Speaker, I oppose the amendment offered whereby it would restrict the committee which is perhaps doing - certainly the potential - the greatest review in terms of parliamentary reform in my 17 years, and that would clearly, in my view, tie the hands of the committee. So I would oppose that amendment.

MRS. HEWES: Mr. Speaker, I understand I may speak to 4 and 7?

MR. SPEAKER: No; it would simply be 4 at this stage.

MRS. HEWES: Everyone else spoke to both.

MR. SPEAKER: Well, hon. member, if you asked the Chair that question directly, I'm sure the response would be 4 with a lot of scope.

MRS. HEWES: Thank you, Mr. Speaker. I have no problems with the amendment to section 4, but I'm not sure that it's necessary. It was my understanding that a select committee would have the option of inviting expert witnesses and providing travel and accommodation for them. I heartily agree that wherever the committee can, that's the thrifty way to do it as opposed to traveling. Certainly we should avail ourselves of all opportunities and expertise from all parts of the country or elsewhere, if we can find it, that can help us to make the decisions that we must make. I would have difficulty, then, prohibiting the committee or any member of the committee from moving outside of the province should that become necessary. It's my hope that the committee, in a very responsible fashion, would not make any travel arrangements without considering the cost.

Mr. Speaker, it's further my understanding that a budget for this committee would go to Members' Services. Is that correct? Nodding? No? A budget has to go someplace for someone to decide upon, and it would have to be an itemized budget. It would say how much was anticipated to be spent for this or that purpose, and in fact someone has to determine where the money's going to come from. I think when that occurs, then the committee must make itself accountable for those expenses that would be incurred bringing people in or presumably for any expenses they might anticipate sending people out of the province.

So, Mr. Speaker, I have no difficulty supporting 4. I think that simply expands on the intent that the chairman has suggested, but I will have to vote against 7.

HON. MEMBERS: Question.

MR. SPEAKER: The amendment before us on section 4 is proposed by Edmonton-Highlands. There is a call for the question.

[Motion on amendment lost]

8:30

MR. SPEAKER: Section 5. I have two here. On the first I recognize Edmonton-Strathcona.

MR. CHIVERS: Thank you, Mr. Speaker. The proposed amendment has been circulated. It simply amends section 5 of Motion 20 by deleting the words "members of the public service employed in that department or of." The section would then read:

In carrying out its responsibilities, the committee may, with the concurrence of the head of the department, utilize the services of the staff employed by the Legislative Assembly.

Mr. Speaker, I think that in the circumstances here - this is a committee of the Legislative Assembly. We do have a staff that is thoroughly familiar with the functioning of the Legislative Assembly. The purpose of the committee is to consider the current functioning status of the Assembly and to review ways of making it more responsive to the needs and values of the citizens of Alberta. I submit that it is a situation where the staff of the Legislative Assembly are uniquely and well qualified to provide the services required by this committee, and it seems to me that it's very appropriate that the services that are utilized in providing the necessary staffing for this committee should be confined to those staff of the Legislative Assembly. I urge the support of the members.

MRS. HEWES: Mr. Speaker, just briefly, I don't support this amendment either. I understand the intent of it, and you'll note that my amendment to 5 has some similarities. From what I understand, the amendment of the Member for Edmonton-Strathcona is to make it impossible for members of the public service employed in that department to serve with the committee and to ensure that members of the staff employed by the Legislative Assembly do serve. My amendment, sir, is similar. It makes it possible for either/or. In fact, it makes it mandatory that members of the staff of the Legislative Assembly would serve, and I will speak to that when I have an opportunity. I don't believe that we should prohibit the members of the public service employed in that department from service to this committee if that seems necessary.

MR. GOGO: Mr. Speaker, I have some difficulty with the amendment. Here as chairman of this proposed committee I was looking for ways to make it economical. We heard hon. members saying earlier that we should be mindful of fiscal restraint. A government department that already has people in place: it seems to me if it's more economical to use them, the committee should use them as opposed to using staff of the Assembly, who may or may not be available.

I was trying to do this, and I agree with the Member for Edmonton-Gold Bar that as long as there's a choice to do it, we should be choosing the most economical route. If we could use staff already on the payroll in a department within government, it seems to me logical we should use them, and that's why the motion reads the way it does. So I do not support the amendment from the hon. Member for Edmonton-Strathcona.

MR. SPEAKER: Edmonton-Highlands.

MS BARRETT: Thank you. I'd like to speak in support of this amendment. It's been my experience that every time the House strikes a special select committee, the staff of the chairperson of the committee, always a government member, often a cabinet minister, ends up being seconded to the committee. They are government. This is the Legislative Assembly. The two are

distinct. The whole point of this is to be a nonpartisan issue. The people who work in a minister's office are often appointed on the basis of their political loyalty. The people who work for the Legislative Assembly are either hired by the Speaker or appointed by an all-party committee on the basis of their political neutrality. The difference is immense. That is the purpose of this amendment, Mr. Speaker. Every select committee I've served on in this House has ended up seconding either current employees of the chairman or former employees. I think it is wrong, wrong, wrong. Good grief, we've got an enormous staff in administration. They are all more than competent. Our Table officers are second to none in the country. Our administrative officers are top notch. There isn't a thing they don't know. We should not have to go beyond them to get the sort of work done that we need, and in fact bringing in anybody else from any other department is inevitably going to bring in political bias and competence that cannot match that which is exhibited by our Table officers and our administrative officers, who are demonstrably politically neutral, Mr. Speaker. That's the whole point. This amendment should definitely carry.

HON. MEMBERS: Question.

MR. SPEAKER: Question on the amendment. The amendment before us as proposed by Edmonton-Strathcona is the one which deals with the section currently numbered 5. Those in favour of the amendment, please say aye.

SOME HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

MR. SPEAKER: The matter fails.

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

8:40

[Eight minutes having elapsed, the Assembly divided]

MR. SPEAKER: Order please. Order. The division is with respect to motion 20(5) as currently numbered on the Order Paper. The motion is an amendment as proposed by Edmonton-Strathcona, and it has been distributed to all hon. members. It reads, by striking out the following words: "members of the public service employed in that department or of."

For the motion:

Barrett	McEachern	Woloshyn
Chivers		

Against the motion:

Ady	Gagnon	Musgrove
Black	Gesell	Nelson
Bogle	Gogo	Oldring
Bradley	Hewes	Paszowski
Brassard	Hyland	Payne
Calahasen	Johnston	Rostad
Cardinal	Jonson	Schumacher
Clegg	Klein	Shrake
Day	Kowalski	Tannas
Dinning	Lund	Thurber

Drobot Elliott	Mitchell Moore	Zarusky
Totals:	For - 4	Against - 35

[Motion on amendment lost]

MR. SPEAKER: Thank you.

This is now dealing with the second amendment, which is on the page distributed by Edmonton-Gold Bar.

Edmonton-Meadowlark is recognized.

MR. MITCHELL: Thanks, Mr. Speaker. Our second amendment would delete the word "or" and replace it with the word "and" in section 5 of the motion. The intention of this amendment would be to ensure that Legislative Assembly staff, the Clerk and the Parliamentary Counsel and so on, would be included in the group of advisers, experts in support of the work of this committee. It differs from the New Democrats' earlier motion to the extent that it does not preclude the possibility of the committee calling upon public service staff employed in a given department, but it at the same time in fact would require that were public service staff used, legislative staff would also be called upon. It's difficult to imagine that the chairman is considering for a minute that he and the rest of the committee would not depend upon the expertise of the clearly accomplished Parliamentary Counsel and Clerk's staff, the Clerk himself. Therefore, it seems that this amendment broadens the clause in a way that makes it more effective but doesn't limit the chairman from achieving what he apparently wants to achieve.

MR. CHIVERS: Mr. Speaker, it's with some regret that I find it necessary for our caucus to support this amendment. At least it will ensure that it is mandatory that some of the services be provided by the Legislative Assembly staff. Rather than simply opposing the matter on the basis that our amendment lost, we will be supporting this one.

8:50

MR. GOGO: Mr. Speaker, I don't think that changes the substance of it in any way. I appreciate the suggestion by the Liberal caucus. Frankly, the intent was that the committee would have done such a thing anyway. So on behalf of the government, I have no objection in accepting the proposed amendment.

MR. SPEAKER: Is there a call for the question?

HON. MEMBERS: Question.

[Motion on amendment carried]

MR. SPEAKER: The next amendment, Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Speaker. I'll be moving this amendment on behalf of my colleague from Edmonton-Highlands. It's the second part, actually, of the amendment which she proposed for 5 and has exactly the same intent. Had her amendment for 5 passed, it would have been mandatory, of course, to bring 7 in line with 5. It is that 7 be amended by striking out all the words after "views of Albertans." So I'll read the amendment and make sure exactly what that implies is on the record. Number 7 presently reads:

In carrying out its duties, the committee may travel within Alberta to hear the views of Albertans and to other jurisdictions for the purposes of consultation and examination of their parliamentary procedures. This amendment would put a period at the end of "the views of Albertans" and would therefore eliminate the travel to other jurisdictions beyond the borders of Alberta. That would make the whole motion then consistent with the amendment for 5 had that passed. Since it did not, we still need to put this on the record, but I won't go through all the same arguments again that she covered already. I move the amendment.

MR. SPEAKER: For clarification, the Member for Edmonton-Kingsway moves this amendment in his own right. Prior consultation was given as to the process before, that there were two separate amendments, as with Edmonton-Gold Bar, and therefore both series had to be split. Thank you.

Clover Bar.

MR. GESELL: Thank you, Mr. Speaker. On this particular amendment I would like to make three points. The first one is that this particular amendment severely limits the ability of this particular committee to do a full investigation and conform to the duties that are outlined for this committee.

The second point, Mr. Speaker: it prejudices what this committee is to do. Parliamentary review in this case is something that doesn't happen that often, and we should have the ability as a committee to investigate fully not just within the boundaries of Alberta but also with the other provinces and other locations how they proceed and what their parliamentary practices are. I don't think it's reasonable to limit the committee in that way to just look at our own particular situation. I think we are influenced by other provinces, and we should recognize that and investigate that.

The third point, Mr. Speaker, is that if we are fortunate to be able to visit another Legislature - Manitoba was mentioned earlier - I think it is important if at all possible to observe the dynamics that occur in a House. That does not necessarily occur when you ask an expert to come and consult with you to provide some information of what the processes are, what the parliamentary rules are, and how people proceed in the House. I think that knowledge of the dynamics that occur within those other jurisdictions is completely lost. I do not believe that we should limit the committee from investigating fully those possibilities and those dynamics, and I would urge the members of this House to vote against that amendment.

[Mr. McEachern rose]

Speaker's Ruling Closing Debate

MR. SPEAKER: There's no right of reply on an amendment, hon. member. [interjection] I'm sorry hon. member. Standing Order 25(2) precludes the right of reply on an amendment, and to speak to the whole issue, it has to be done at the time of making the amendment.

Debate Continued

[Motion on amendment lost]

MR. SPEAKER: Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Speaker. I'd just like to say a couple of things tonight before we bring this debate and motion, the item in front of us, to a close. I'm looking forward to serving on this committee, and I expect it's going to be an

interesting process for all of us. It's certainly an ambitious assignment.

It seems to me, in just doing some preliminary thinking about the nature of the work being undertaken by the committee, there are a whole range of issues. I would see, for example, questions surrounding election financing as being a part of this aspect. I'd like to see the committee examine the budget process, how the public could have a greater input, and how the information contained in budget documents could be more meaningful for all members of the Assembly as well as for the public as a whole. I note that some of us on the committee have had municipal experience, and I think that experience might inform our discussions around the budget.

It seems to me the whole area of the Standing Orders of this Assembly will be a big item for the committee to examine. Along with that are the roles of the individual members themselves. There's been much discussion in the public and around this Assembly recently about how caucus discipline might be loosened somewhat, how the debate on private members' Bills might be more meaningful. I know that reforms of the House of Commons in recent years have allowed for more private members' Bills to actually be debated and in fact adopted by the House of Commons and become legislation. So there's a whole range of issues around the role of the individual members themselves as well as the questions about televising the entire proceedings of this Assembly in order to bring what we do here more directly in front of the people that we're to serve.

I know that our colleague the former Member for Edmonton-Strathcona a number of years ago had an extensive motion on the Order Paper regarding how petitions might be used by the public to require debate by this Assembly to ensure that certain matters are brought before this Assembly for attention and for debate. The whole conflict of interest legislation: it still hasn't been proclaimed, so we don't have a lot experience with that piece of legislation, but potentially matters affecting that could be before our committee. Of course, there's the Legislative Assembly Act itself, and some of the requirements and some of the rules governing our procedures here under that Act may be subject to the review of the committee.

I know also that as part of our standing all-party committee that toured Alberta to get input from our citizens about making our system more responsive, the notion of recall was raised on a number of occasions. Of course, Alberta has the unique experience of having gone through and adopting recall legislation many years ago, in 1936, and it was subsequently repealed in 1937, but that's an issue that we could revisit. The question of initiative was also raised with our committee hearings on the Constitution. Of course, there's been some experience in the United States about how that's worked, and in some cases it's worked better than others. There's certainly lots that could conceivably be before the committee in considering that idea as well.

So it's just a small list. I'm sure other members of the committee have given some thought to this and may have other ideas and items of their own that they think need to be addressed by the committee. I would just simply say that it's an ambitious project, one that's long overdue, and if this motion is adopted tonight, it's one that I look forward to being a part of in the months to come.

[A member rose]

9:00

MR. SPEAKER: Unfortunately, hon. member, I don't believe I can recognize you. I'm sorry. Thank you.

Concluding debate on the motion, the Deputy Government House Leader.

MR. GOGO: Thank you, Mr. Speaker. In concluding debate, I very much appreciate the interest of hon. members. I would hope that along with suggestions made by Calgary-Mountain View, members would bear in mind the whole purpose today of the political process. In some ways it's the art of the possible, but surely communication is one of the most important. Where else but in this Assembly would you have heaven only knows in terms of space for the fourth estate, and where are they?

It would seem to me, Mr. Speaker, very clearly, that there's a role for the fourth estate to play in communication of government and legislative business. I would look forward, if we decide, hon. members, to travel to other jurisdictions, that the *Edmonton Sun* and the *Calgary Herald* will purchase their tickets and come along, because it seems that in every which way they seem, in their interest, to be the official opposition of governments today. One should not lose sight of the fact that, as Lord Thomson of Fleet said, today news is something you put between the classified and display ads.

So not prejudging – as chairman of the committee I'm in the hands of the committee, but I would certainly encourage hon. members in both this House and the committee to come forward with their ideas of ways that this committee can look into in terms of meaningful parliamentary review as it affects the Legislative Assembly.

With that, Mr. Speaker, I would encourage all hon. members to support Government Motion 20.

[Motion as amended carried]

head: **Committee of Supply**

[Mr. Schumacher in the Chair]

MR. CHAIRMAN: The committee will come to order.

head: **Main Estimates 1992-93**

Treasury

MR. CHAIRMAN: We are commencing somewhat late this evening, so without any further ado the Chair will recognize the hon. Provincial Treasurer to introduce the estimates.

MR. JOHNSTON: Mr. Chairman, I'm very pleased to have an opportunity to say just a very few words about the department of Treasury and the activities which we have gone through over the course of the past year and, of course, to seek support from the Legislative Assembly for the Treasury budget itself. As you know, of course, when you deal with Treasury, you tend to cut across a lot of departments and a lot of policy questions, and I'm sure that through the course of this evening we'll have a chance to look at and discuss a wide set of issues, no doubt.

Before I begin, Mr. Chairman, let me say that as is tradition certainly in my case, I always like to recognize the people who make my job very easy, who certainly assist me over the course of the year. I must say that in the department of Treasury itself I find some of the finest people, the best minds, and certainly dedicated people who are serving the people of Alberta and the government with vigour and with intelligence and with dedication. To them and through the leadership of Allister McPherson and Al O'Brien go my thanks, because, of course, they are called upon to do yeoman effort all the time.

I might note that during the period of preparing the budget, people in the budget bureau certainly work long hours. As you can expect, over the course of the last few years the department of Treasury has been called upon to put in extra hours and do extra work to ensure that some of the problems and some of the policies of our government are fulfilled. At the same time, I must say that I'm now in my 18th year as a Member of this Legislative Assembly and a member of cabinet. [some applause] That's not the exciting part, my colleague. The exciting part is that on my office personal staff I have one person who has served with me for all that time, in fact probably started two days ahead of me: Sharon Tymkow. Arlene Brietkruz, of course, was one year behind. So in aggregate, if my numbers are accurate, we come pretty close to over 50 man-years of time together. They deserve the credit. They simply prop me up every morning and send me off to work. In my office as well are Steve Grossick, who has joined us from the research department, and Loretta Pellegrino, who is the personality in our department. So I'm very pleased to express again my thanks to those people who have made my work possible.

Let me begin in terms of looking at the department of Treasury by just touching on some of the items which we've worked on over the course of the past year. I think last year when I was here, we had before us in the Legislative Assembly at least two propositions, one which I talked about and one which is in the process of being considered by the Legislative Assembly being, first of all, the discussion on the area of loan and trust companies. Now, this has been a very long process in our department. A necessary review of that legislation certainly was required, and this was one of the legs of our reform of financial institutions in the province. This Legislative Assembly had considered, before that, the credit union amendments and credit union legislation. That legislation is now in place and operating effectively together with regulations; very complex legislation, but nonetheless that credit union legislation is in place.

Over the course of the past year we have successfully completed our work on the implementation of the trust and loan legislation. That Act was passed last year by this Legislative Assembly, and just last week we completed the passage of the regulations to ensure that that legislation is in place. As I said before, this is the outcome of a lot of hard work by members of our department and as well reflects not just the provincial view as to how financial institutions should be regulated but reflects as well a co-operation across Canada as to how financial institutions should be regulated. It goes without saying that we have had a lot of experience in this area in Alberta. We all go back and touch the bases, including the two banks which went into receivership, the credit union system which I referred to, the Principal Group and other trust companies.

This past year, as a matter of fact, problems still plagued the financial institutions, mostly this time as a result of difficulties in the economy of Ontario and eastern Canada. That showed up, Mr. Chairman, as all members know, in the difficulties with Standard Trust, which was taken over by CDIC, which did not really impact on Alberta, and the difficulties with First City Trust, which in fact was an Alberta company regulated here. That has now been taken over, and working with CDIC and the purchaser, it appears that that entity is now working out. Finally, we see now problems in Central Guaranty. These are just some of the problems which have been experienced in this area, and so it is nice to see that our legislation is in place to provide both competent direction to the people who invest in these entities and to ensure in a foremost and first manner that in fact the depositors have all the security and protection they should have.

I can confidently say today that our legislation together with the regulations which are now in place is as effective as any in Canada and in fact shows the leadership which is expected of Alberta with respect to this form of legislation. I think to the members of this Assembly goes a lot of credit to ensure that this Act was passed and that now we have the regulations firmly in place.

I can say as well that last year when I introduced the estimates, I talked about the need for pension reform. Accordingly, on July 9, 1991, we introduced very considered and substantial recommendations for the reform of the pension system at least under Treasury: the five major plans which I'm responsible for. In doing so, we promised that we would attempt to find a clear resolution to ensure that the future of these plans was strong and that the beneficiaries who receive future payments under the plans would have a secure future.

9:10

I can say, Mr. Chairman, as I have announced already in the case of the two large plans which cover something like 125,000 people, that indeed we have put in place a reform to that pension plan, found consensus among the stakeholders, found a way in which we could collectively come together with respect to a resolution, and have been able to put that in place. In doing so, we had to ask all members to pay a bit more, and the government itself was asked to pay a surcharge. We're now working more fully on the more troublesome areas. Those troublesome areas deal with the academic pension plan, the special forces pension plan, and the management pension plan. Some of those are coming together. We still have some difficulties with those, but even so, with the accomplishments to date on the pension reform we have reduced the unfunded liability as reported at March 31, '90, of about \$6 billion down to something less than \$1 billion at the present time, and I would expect that by the time we call for the actuarial calculation of March 31, '92, the unfunded liability will fall well below \$1 billion.

Now, that's a sizable correction: eliminating \$5 billion from our obligations. My colleagues in the opposition raised these points from time to time over the course of the past year, and on this point we indicated that we would embark on this course of action to ensure that the pension plans were reformed. We did that, and at this point I want to report that we have had some considerable success and look forward to completing the discussion with the rest of those pension plans over the course of the next few days. I confirm again, Mr. Chairman, that we will in fact be introducing legislation which will enable us to put in place these reforms and these changes that I talked about. The principles that guided us, of course, were that everyone had to pay a bit more, that we had put in place a firm commitment to a COLA adjustment and would ask all the participants to pay a touch more to ensure that the unfunded liability was paid off. We have done just that.

With respect to the budget process itself, just a couple of minutes there, Mr. Chairman, I think would be appropriate. We have attempted over the course of the past six years to put in place a fairly rigorous and disciplined approach to spending. We believe that Albertans consider that governments should do what they can do within their control, and that is control the expenditures. We believe that our record has confirmed that we have done just that. In the Budget Address which I presented, I matched our position with all other governments across Canada, including the federal government, and showed that in fact our expenditure control was in place, that we, I believe, were doing our job with respect to expenditure control, and our record as opposed to other governments in Canada has in fact been much better than other govern-

ments, showing that our expenditures, as a matter of fact, have been around the 2 percent level.

Despite that, despite our own self-discipline and our will to ensure that our expenditures are controlled, I want to advise and confirm that we will be introducing legislation again to ensure that despite political changes over the course of the next few years – that is to say, whether we have an election or not sometime in '94 – we will have in place a three-year plan to control our program expenditures by 2 and a half percent this year, by 2 and a quarter percent the year after, and then 2 percent finally. That's a fairly disciplined approach to controlling program expenditures. In it, Mr. Chairman, we will have to come back to the Legislature from time to time should we require special warrants. So then we'll hear from the opposition parties across the way as to whether or not they support these kinds of additional expenditures, and when I come back next spring with a budget, they will not be able to stand up and say, "Well, we did not agree with these warrants." They'll have an opportunity to be part of the decision, and we'll see what they say. I mean, if they say they don't want to spend the money, perfect; we'll simply get on with another issue. But we'll see how it happens. We'll give them a chance to be part of the decision-making process, and we know that they're going to be part of the solution. I know they'll help us out with that solution.

Secondly, here is a key point. [interjections] Mr. Chairman, I'm restrained by my comments this evening. I want to get on with the business. It's not my nature to take on and listen to these asides. You know I'm very seldom distracted by these comments. I will not be tempted tonight, Mr. Chairman. You know that. So I will simply restrain myself and, as with all members of this government, focus on the issues, not on the unusual and asides.

Mr. Chairman, what we will do, though, with respect to this spending legislation is quite critical. We believe that if you control the expenditures, then you are doing essentially what the people of Alberta want you to do. They say to us from time to time: "Look, you control the expenditures, do not increase the taxes, and then we'll have to adjust ourselves as to what kinds of services should be expected here in Alberta. We know that the government has done a good job with respect to health and education. We believe you have managed that side of it effectively for us." We do not like to see the size of deficits – no one in Alberta likes that – but if you put in place this spending legislation, as I intend to do in the next few days, Mr. Chairman, you'll find that if we do find a windfall on the revenue side, that is to say that the price of oil goes above \$19 as I forecast it would, that will in fact go directly to the deficit as opposed to being available for the government to spend. We won't be tempted quite as much as if we didn't have this legislation in place. So, as I say, this actually confirms our intention to restrain the size of our spending, the size of our deficit.

We intend to get on with reducing that deficit over the course of the next few years as well, but as I said in the budget, Mr. Chairman, it is disappointing that over the course of the past year we did have a revenue shock on the natural gas side which was comparable to the oil price shock that we experienced in 1986. For example, in February of '92 the price of natural gas fell by 50 percent, the same sort of rate that you will trace if you look back on the price of oil in 1986: a 50 percent reduction in February. Of course, that showed up directly in our deficit. This deficit was driven by a revenue change. No one a year ago forecast that revenue outlook, and in fact we were caught by it, as were a variety of people.

Now it appears that the liquid hydrocarbons are coming back in good pricing discipline. We see the price of oil I think today trading around the \$20 level. It's been up and down a bit but

certainly above the \$19 forecast, and there seems to be some confidence coming back into the price of natural gas. My colleague Mr. Payne noted that when he spoke about a month ago saying that some of the forecasters in Calgary had in fact believed in this optimism. Some of the energy specialists were saying that in the near term you'll see the price of natural gas rebound, but for the current time that part of our energy sector certainly is suffering. In fact, I think the number of wells being drilled right now in Alberta and in the United States as well is at an all-time low. In the United States, for example, I think there are only between 700 and 800 wells at work right now. That certainly is an all-time low considering that the states that were active in hydrocarbon exploration at one time – in '86, for example, there were close to 5,000 rigs at work. So you can see there's been a major shift in the way in which this crude price on price has driven the industry, and we're caught in it for the time being.

I do have a sense of optimism about the future. I believe the price of gas will come back, that in fact the supply/demand numbers in the United States will work to the favour of Alberta, and now we have the infrastructure in place by the private sector so that our supply of natural gas is key to the survival of the northeastern United States both in terms of commercial and industrial consumption but also in terms of the need for cogeneration of power, electrical facilities.

Let me talk, Mr. Chairman, about what we did in the budget on the tax side, because it's the tax side that's quite critical to us here in Alberta. We believe, as I've said before, that if you have a policy which allows individual Albertans to receive higher than average returns for their efforts, for their work, that in and of itself will build confidence, that in itself would provide the kind of change in perspective, the outlook that is necessary for us to rebuild this economy. Right now in other parts of Canada we find a very deep recession characterized by high unemployment, by low investment, and by a very stagnant return. Unlike other recessions in other parts of the world, this recession has been very slow in returning to economic growth. While I believe it will happen in the last half of '92, there is a lingering doubt about the return to strong economic growth in Canada, and that economic downturn certainly has impacted on Alberta. It's for that reason that unlike other provinces, unlike other governments, we had a tax cut in our budget position. Now, we followed closely on the heels of the federal government's tax cut. In February Mr. Mazankowski reduced his surtax, and that he hoped would be passed on to Albertans and to Canadians. Unfortunately, some provinces gobbled that up. They simply said, "If the federal government's going to give up that money, we're going to take it back for our account, and then some." So you see that in fact tax increases have been the vogue, the mode of other governments, and we have adopted a policy contrary to that. In fact, our Premier in December of 1991 led the way when he said: you must reduce the taxes, provide that change so that people have an incentive to spend, and you must control the expenditures as well so that you don't generate a deficit at the same time. All of that was reflected in our budget when we put it in place last month, and that debate of course is moving through the Assembly at the current time.

9:20

So in the province of Alberta there's no question that we have the lowest personal income tax regime. Our Alberta tax now is at 45.5. As I look at the numbers now that these budgets are fully rolled in, we find that the province with the closest tax rate is B.C., and its rate there is 52.5 percent. It has a high income surtax, Mr. Chairman, and of course it does have a sales tax. Here in Alberta we do not have a sales tax. Now, unlike the

Liberal Party across the way, those people who believe that they don't trust the people but trust themselves – they are arguing that we should have a sales tax in this province. Well, I can't wait for the next election when I'm speaking to my good folks in southern Alberta about this position, the position which says we want to have a sales tax in Alberta. Now, that's interesting: a sales tax when those Liberal folks across the way, the ones who argue they are the ones who can discipline themselves on the fiscal side – no evidence of that; they won't discipline themselves. What they want to do is take your money and spend it for you. Those are the kinds of policies we see from those people across the way. I enjoy having this opportunity to explain and fully develop this position for the Liberal Party because they're reticent to do it themselves in front of the people of Alberta. I intend to do it time and time again.

We believe that we have confidence in the people of Alberta. They have the way to which they can allocate their economic votes. They know how to spend their own money. They don't need politicians to do it for them, Mr. Chairman, but that's what the Liberal Party is calling for, and it should be on the record. All members of our caucus I think are motivated to ensure that that is on the record right across Alberta in every one of the constituencies, and I know Albertans will learn from the experience there that you cannot trust the Liberal Party with respect to that fiscal position. Out of one side of the mouth and out of the other side of the mouth: that's the way in which they operate. It's good to have a chance to ensure that it's on the record there.

Just quickly in summary: what about the economy? The economic indicators across Canada still are not that positive. We see in the case of all provinces that they're running very large deficits. The average deficit across Canada would be something like \$50 billion. Those have to be funded by somebody. They have to be funded by the taxpayer eventually. We think that we have to get into this question of sorting out who has responsibility for certain expenditures, and until that is sorted out, Mr. Chairman, I don't think you're going to see much way for a strong economic growth to be sustained.

If you look back over the course of the last three years, real economic growth in Canada has been quite small. Relative to other OECD countries, it's running about 1 and a half percent someplace, and that's not large enough to generate substantial jobs. Now, in Alberta we're the only province, probably with the exception of B.C., that is generating new jobs for the people of this province. At the same time, we're seeing a strong immigration to this province because they believe an economic opportunity exists here. We're maintaining a tax regime, providing the economic incentives both by tax side and by infrastructure investments to ensure that that investment comes here. We think that's the way to ride through this period, but unless we get together with the governments and start to sort out who it is that has responsibility for certain expenditures, to remove the kinds of duplication and overlap that exist, we're going to have this continuous expenditure problem which drives our deficits, which is going to drive us into a noncompetitive position with respect to us as Canadians or Albertans competing in the world markets.

It's for that reason, Mr. Chairman, that I look forward to Thursday's and Friday's discussion in Calgary around the 2000 initiative, wherein we will ask all Albertans to be part of a solution, talking about ways in which they can trigger new investment, ways in which we can collectively find solutions to these kinds of problems, ways in which we can define the role of government and the role of the private sector to ensure that meaningful jobs are provided for us here in this province. Some may call it industrial policy. I prefer to call it an economic

growth policy, and I think that's what will emerge from these discussions in the next two days. I think we can be proud of the response so far, and I think we're going to be happy with the way in which our policies are shaped around the discussions that flow out of Calgary and the work that's been done on this Toward 2000 report. So I see that as being one of the real ways in which we can trigger economic growth and trigger a new renaissance, if you like, both in Canada and in western Canada certainly. That sense of co-operation certainly was clear at the Western Premiers' Conference. I think there's a need and desire for us to sort out both the costs of government and ways in which we can do better as government.

As I said before, I think in terms of solutions we have to reinvent government to some extent and find new ways to be more creative in the way in which we allocate dollars or, as I say, scrape the barnacles off the old ship of state.

Well, Mr. Chairman, I wanted to make just a few comments, both to update all members of the Assembly on what has been achieved over the past year, to talk about the kinds of changes which I see and that we've adapted to, to speak specifically to some of the tax and economics and expenditure side which we've talked about, and then look forward to coming back in and talking about the ways in which we've changed the accounting policy, which I'm sure is a fascination for most people, talking about other aspects of the Treasury Department budget, which you may want to talk to – whether it's loans, guarantees, those sorts of things – and of course, from time to time making comparisons of our fiscal position and our government's position on the budget with other governments across Canada. To be fair, I think we have to look at those kinds of comparison and contrast, because out of that will come the real willingness for the private sector to invest here in this province.

Accordingly, Mr. Chairman, I appreciate the opportunity of having a few minutes to say a couple of words with respect to the budget, and I do look forward to the comments with respect to Treasury over the course of the next few minutes ahead of us.

Thank you again, Mr. Chairman.

MR. CHAIRMAN: Before we proceed to the next speaker, may we briefly revert to Introduction of Special Guests?

HON. MEMBERS: Agreed.

head: **Introduction of Special Guests**

MR. CHAIRMAN: The hon. Member for Red Deer-North. [some applause]

MR. DAY: They're only applauding, Mr. Chairman, because they know I'm not giving a speech.

I'd like to introduce four guests in the Assembly tonight, the first being a student who is here on a special student project, believe it or not. She is studying the workings of government this evening and tomorrow, so that will be an interesting study for us to all read. I'm sure we'll get copies of it. That's Jodie Scraba. I'm introducing her on behalf of my colleague from Redwater-Andrew. She's a constituent in that area. She's here with her father, Mr. Dennis Scraba. Also, here from Red Deer is a woman who is very significantly involved in women's issues in Red Deer, serving on the directorship of the Alberta Federation for Women United for Families. Her name is Jude Hansen. With her is another woman significantly involved in many functions in Red Deer. As a matter of fact, she is the brains behind the

campaign machine for Red Deer-North. That is my wife Valerie. I'd ask all four of them to stand and be recognized.

head: **Main Estimates 1992-93**

Treasury (*continued*)

MR. CHAIRMAN: The Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. I've had the privilege now to hear the last seven straight budget speeches from this particular Provincial Treasurer, all of them deficit budgets. I'm certainly hoping that one of these years I will be in this place and be present at the announcement of a balanced budget that really is a balanced budget. Perhaps I'll have that experience within the next year or so. Certainly I admire this particular individual at least for his ability, if nothing else, to put forward his point of view. Whether in fact the reality ends up corresponding to the point of view he puts forward, that's a whole other question.

What Albertans, it seems to me, really want from this government, from this Provincial Treasurer, from any government for that matter, Mr. Chairman, is a government that faces reality, that grapples with reality honestly and with some integrity. They want a government that concerns itself with their real needs. I think if we just use that as a guiding principle here, we're going to find that a great deal is lacking from the budget as a whole, and certainly I have some concerns about the Treasury estimates themselves.

I think at this point it would be appropriate to acknowledge the people who work for the Treasury Department. The hon. Provincial Treasurer recognized those in the leadership capacity, and I think we owe a recognition and vote of thanks to all the people who work in Provincial Treasury. After all, they're Alberta citizens too, and they want the same things from this government that all Albertans want, with this addition, Mr. Chairman: as professionals they also want to put their talents to work to serve the people of this province. I suspect that the morale is very low these days in the Treasury Department, because their talents aren't being put to work the way they should be because of what I call the political interference that has overridden any other consideration in the budgeting process of this government. It's not a process that builds on their talents and takes advantage of all that they have to offer. I would hope that we can change that. Political considerations, although they're important, should not override everything else and should not be sacrificed to short-term political needs of the government of the day.

9:30

The reality, Mr. Chairman, is that this government is no longer able to face fiscal reality or grapple with the needs of Albertans and the fiscal problems of this province with honesty, and it seems to be incapable of addressing the real needs of Albertans and giving them priority.

Now, it's not only me that's saying this, Mr. Chairman, although, you know, people may dismiss it as simply being a gratuitous partisan comment. I think it's very interesting that for the first time in my memory the Institute of Chartered Accountants of Alberta made a submission to the government, which was widely circulated to all members of the Assembly and to the media. Now, I know the hon. the Provincial Treasurer, as a professional, is a member of this professional association, so I'm sure he's taken their comments particularly to heart. I find it very interesting that the title that this institute chose for their particular submission is called Facing Fiscal Facts. I think that's really

important, and it's a message that I hope has not been lost on the Provincial Treasurer and on the government.

They made some very interesting and worthwhile recommendations, among them, just as a very brief overview, changing the way government reports and accounts for lottery revenues, pension liabilities, Crown guarantees and indemnities, the assistance to Alberta credit unions, and the deemed assets of the Alberta Heritage Savings Trust Fund, as some examples. Reforming the current provincial budget process to encourage more meaningful public input: I found that interesting, that this group of professionals feel that the public has been left out from meaningful input into what goes into the budget. Establishing a firm medium-term goal of balancing the province's budget and then finding the long-term political and fiscal will to maintain a balanced budget and to pay off existing debt. Finally, as part of the overview, improving the performance of our education system, the best investment any government can make in its future. I found that they, as a group of public-spirited Albertans, would make those recommendations and particularly that they would emphasize education – and I'll come back to that shortly, Mr. Chairman.

Given these recommendations in the Alberta context, I think it's very interesting to look at some of the things that have gone on in other provinces. In particular, let's take a look, for example, at Ontario, where they've opened up the budget-making process for public input. In January of 1992 the Treasurer issued the Ontario Fiscal Outlook: Meeting the Challenges, laying out what the constraints on the current year's budget were going to be and asking for input. The 1992 Ontario Budget Guidebook: Basics in Government Budget-making: a very, very meaningful and helpful document that allows ordinary citizens to have access to the makings of the budget, what goes into it, and how they could have input. So one of the recommendations has been implemented in another province.

I'm interested in what has been done in the province of Saskatchewan, Mr. Chairman. Their deficit for the current year was projected to be \$1.2 billion. The Provincial Treasurer's good friend, the Premier of that province, has cut the deficit in this current year budget, the one that we're in, to \$517 million. What a lot of people don't realize is that out of 32 budgets introduced by either CCF or New Democratic Party governments, this is the first – the first – budget that has a deficit that was introduced in all those years. I thought it was also very interesting that the Saskatchewan deficit is lower than both Alberta's and British Columbia's both in size and on a per capita basis. Yet at the same time that they were meeting these objectives, they also were able to add these following measures to protect the most vulnerable members of the Saskatchewan community: a 25 percent increase in the child tax reduction, a 35 percent increase in funding for child hunger programs, \$20 million for new community-based health initiatives, and \$20 million for family support initiatives. They're looking after people's real needs.

I also found it interesting that the British Columbia government is working from recommendations of Peat Marwick in terms of restoring the balance to their fiscal affairs. It's not been easy, but I find it interesting that their debt rating is now the highest in Canada, the highest rating for any province in Canada in terms of their fiscal position. It's now the best in Canada; that's British Columbia.

I noted that last week bond rating agencies lowered Alberta's debt rating. I'm just wondering what dropping down to AA2 – I wonder if the Provincial Treasurer will tell us how much that decision alone is going to cost us, because now it means the interest rates charged to Alberta are going to go up. Based on the \$1.3 billion or so, we're getting up there now in annual debt

payments. The debt ceiling having gone to somewhere close to \$15 billion, once you add one-eighth of a percent of interest payments to that kind of debt, it's going to be a significant increase. I wonder if the Provincial Treasurer will tell us how much it will add up to.

I would simply say in terms of an overview, Mr. Chairman, that I would hope the Provincial Treasurer would abandon this short-term politicization to meet the immediate political needs of the government, because all it does is create an impression of a picture of a car careening dangerously from one side of the road to the next. One year it's going to be budget cuts; the next year it's a huge deficit. One year we give tax increases in order to pay for it, and the following year the Provincial Treasurer is going to have to increase taxes. There's no fiscal direction here; there's no control. I hope he gets control before he takes this province into the ditch.

Now, Mr. Chairman, one of the major criticisms raised by the Institute of Chartered Accountants as well as the Auditor General has to do with reporting losses on government-supported businesses, support in the form of guarantees, in the form of loans and other support. I notice, for example, that on page 349 of the large budget book we find the valuation adjustments itemized to some extent: \$52 million is the item that appears for this budget year. Surely the Provincial Treasurer is not telling us that that's going to include the losses on NovAtel just by itself, let alone all the other businesses, including MagCan, GSR, Myrias, and a host of others that have had to be wound up in recent years. I notice, for example, with the 1990-91 comparables of \$345 million, obviously \$52 million is way out of whack. I would say to the Provincial Treasurer that this is part of the problem of a government that's not facing fiscal facts, a government that's not honestly grappling with the situation they're in, a government that is failing to recognize a situation in order to meet short-term political objectives.

Now, valuation adjustments are nothing more than fancy words for saying "recognizing losses in our operations." We've had some recent questions raised with the announcement by this government that \$566 million has been lost on NovAtel. Surely, Mr. Chairman, not all of those losses can be booked in previous years. Some of them have been. In fact, I understand the Provincial Treasurer is wanting the Auditor General to book a lot of them into the budget year that just closed on March 31, 1992, so it won't impact directly on this year's budget. But surely the Provincial Treasurer is going to have to confirm that the Alberta government is going to have to borrow money in order to pay for that \$566 million loss. Would the Provincial Treasurer give us some idea of what the terms of those borrowings are going to be? Will it be in the form of five years, will it be 10 years, or what will it be? If you take \$566 million and borrow that \$566 million for a term of 10 years, even if you get a very favourable interest rate, you're going to be paying at least \$50 million and some a year. You add it up; the NovAtel fiasco will cost us very close to a billion dollars and more.

9:40

Just speaking of valuation adjustments and the need for them, in the Auditor General's report on page 13, unlucky page 13, he goes into some detail about the Treasury Department's role in the monitoring of these guarantees. He says, and I quote:

For example, proposals received from departments are sometimes inadequately supported because they lack business plans, operating budgets, and financial statements.

He also mentions later on:

In one instance, the file contained no evidence of action taken or proposed by the financial analyst when the actual results of operations

of the borrower differed adversely from those in the guarantee proposal.

These are very serious statements for the Auditor General to be making, and I would like to know exactly what it is that the Provincial Treasurer plans to do about it. What the Auditor General is saying is that there's really no system in place to provide an early-warning system in terms of all the guarantees, the billions of dollars of guarantees that are now outstanding. If you don't have an early-warning system, you can't know that problems are there, you can't act precipitously, and so you're going to end up with a lot of losses. That has been the experience in this province. Taxpayers have been hit and have been hit hard in terms of costs regarding all these losses of failed business ventures.

Now, NovAtel is the most telling example, Mr. Chairman. Not only are people going to have to pay for NovAtel in the form of borrowings over the course of the next five, seven, or 10 years, but the Provincial Treasurer may very well be coming back next year with cuts in program spending to compensate. I'd like to just put in some context what has been suggested to me are the real costs of NovAtel. Just to give some example of what \$566 million represents, that would pay for the tuition and books for 205,218 years of university. It would pay for 51,454 people to get bachelor of arts degrees, I'm told. It would pay for 725,000 people, something like the population of the city of Edmonton and larger, to attend NAIT for one year. For every one of the 300 people being laid off at NovAtel, a \$566 million loss – well, what would it represent? Could it be as much as 126 years on welfare? Just to put some of this in context, these at least have been suggested to me. I haven't gone through the fine-tuning of all of the dollar amounts, but certainly in rough numbers that's what \$566 million represents. Then when you add up the billion and a half of other failed business ventures and loan guarantees that the taxpayers are already on the hook for, you get some idea of the fiscal problem that this government has not faced up to yet.

I'd also like to ask the Provincial Treasurer about cost overruns for the Husky upgrader. My understanding is that the initial cost projections were about \$1.2 billion, \$1.3 billion, and now they're estimated to be \$1.6 billion. That, Mr. Chairman, is a cost overrun that's getting up there close to the cost of the NovAtel fiasco, somewhere in the order of \$300 million. Now, if Saskatchewan's not going to put in their share, that means the other partners, including the Alberta government, are going to have to ante up more. I don't know whether that's going to be \$100 million or more or what; perhaps the Provincial Treasurer can tell us. What does it mean as far as Alberta is concerned, and what investigations are going on to determine the reason for those cost overruns? Is this a bottomless pit that's 90 percent completed? Are we going to throw in whatever money it takes to complete it whether it makes any further economic sense or not? Are we just pouring more good money after bad? These are all questions, I'm sure, confronting the government in dealing with NovAtel. It's now before us again in the form of cost overruns at the upgrader. I'd like to get some firm comments from the Provincial Treasurer on that.

I'd like to also address the overpoliticization of what I see ought to be an arm's-length relationship with the Treasury Branches, Mr. Chairman. The Provincial Treasurer talked about trust companies legislation and new legislative framework to deal with them. I'd like to know when we're going to get a board of directors in order to remove the operations of the Treasury Branches from the direct interventions of the Provincial Treasurer or the Premier's office. Talk about companies that are related to one another and trying to remove them from a conflict of interest when it comes to deposit-

taking and loan-making institutions; we certainly have a problem, as I see it, in the Treasury Branches. One example: now that loans to the West Edmonton Mall and Triple Five Corporation are up into the hundreds of millions and they take the form of third and fourth mortgages as well as a \$25 million operating line of credit, this government has heavily committed the Treasury Branches to the affairs of that mall and that company, such that 7 percent of the commercial portfolio of the Treasury Branches is now with that one entity. That can't be prudent lending in anybody's books, and I can only conclude that it's not as a result of the lending practices or professional advice of the Treasury Branches but has to do with political directives given from somewhere in this government.

Now, when I originally raised this issue, the Provincial Treasurer admitted that he did play a role in the operations of the Treasury Branches. I'd like to know what structural changes are going to be put in place to prevent undue political interference in the role of the Treasury Branches. I understand – I could stand to be corrected – that the Treasury Branches are now the only financial institution in Alberta financing hotels. Is that true, and is that a prudent lending practice? I understand it's also the only financial institution in Alberta still financing the construction of golf courses in the province. I wonder if the Provincial Treasurer could tell us whether that's true or not. Given that friends of this government are proposing major resorts in the Bow corridor west of Calgary, does that mean that we're going to have the Treasury Branches up to their necks in financing those particular resorts?

I'd like to know if there are any conflict of interest regulations governing employees, senior managers within the Treasury Branches. I'm just thinking of an instance that might occur, where a client comes to the Treasury Branches seeking debt financing, seeking a loan from the Treasury Branches, and at the same time or subsequently or before or after the fact also issues a private offering. Is there any conflict of interest in a situation like that, where a Treasury Branch employee might purchase or participate in that private offering? I'm just proposing this as a suggestion. I'm just wondering if the Provincial Treasurer could tell us what rules govern senior managers as might apply in legislation governing trust companies.

9:50

He talked a lot about management control and spending controls. I made reference earlier to the Peat Marwick Thorne study that was done for the province of British Columbia, particularly in regards to full-time equivalents. I know that this government has made much of the fact that they've cut full-time equivalents, but what they found in British Columbia when they opened the books was that full-time equivalents were so meaningless because of the way that information had been abused. In fact, what happened was that that government added three additional categories of personnel which should have been counted to reach the person-power total, but they were exempted in the calculations. In fact, instead of 28,000 people supposedly on the payroll, what they found was that it was closer to 41,000 once you included the privatized full-time equivalents, contract employees, and others, so that was about 10,000 more than the official total of full-time equivalent positions that appeared in public documents.

I'm not interested in the Provincial Treasurer's rhetoric any more than it was meaningful in British Columbia. I'd like to know whether he's prepared to invite outsiders in to take a thorough review of the books, including this particular aspect of it, to ensure that the same abuse of the full-time equivalents has not occurred and is not occurring in the province here and that instead of hiring people, all they're doing is contracting services

from independent contractors, and they don't show up in the books.

Now, the minister talked about pension reform. I'm pleased to see that employees have been negotiating with the government and that some of the employee groups have reached agreement with the Provincial Treasurer about the future of their plans and their contributions and government contributions to them. I'm particularly interested, however, in what's going to be the future role of these so-called independent boards to oversee the individual plans. The whole issue of governance is still very much a live issue. I wonder if the Provincial Treasurer is going to be introducing, as part of his legislation, legislation to set up independent boards. Will these independent boards in fact have some real power, or will they simply be powerless, meaningless in a real sense in terms of their ability to govern the operations of those plans? I'm particularly concerned about the transition period from the situation we're at now to the time at which those plans are apparently going to be transferred.

The Provincial Treasurer talked a bit about commodity prices and revenues to the province. I'd like to ask him what the impact will be if the Minister of Energy has his way of getting royalty cuts across the board. What impact is that cut going to have on revenues to the province? Despite his rhetoric, will that ensure that we'll have to have a sales tax in this province? Certainly this government's supporters in the oil patch, or people who have traditionally in the past, at any rate, supported this government, are saying that we need royalty cuts and it should be replaced with a sales tax. Notwithstanding that the Liberals are already on side with a sales tax, what would the Provincial Treasurer propose to replace royalties with if they're cut?

Commodity prices. This comes back to the theme of my comments, Mr. Chairman. The Provincial Treasurer had lots of evidence last year that the prices he picked for oil and natural gas would not be achievable. The reason he picked the prices that he did was because he had a short-term political objective, and that was to promise and to deliver a balanced budget. He had lots of evidence to show at the time that the price he picked was not the appropriate one. All they did was pick a price that suited them, and it just underscores that this is a government that doesn't face reality, that doesn't grapple honestly with the fiscal situation of the province, and a government that is losing touch with ordinary people and their real needs. What Albertans really want from this government and from this budget they can no longer get. This budget does not give them the fiscal reality, the honesty, and the addressing of their real needs that Albertans deserve.

Thank you, Mr. Chairman.

MR. CHAIRMAN: The Member for Edmonton-Meadowlark.

MR. MITCHELL: Thank you, Mr. Chairman. I would like to begin by thanking the Treasurer for his commitment to explain Liberal policy across the province time after time after time, although I will say, and I don't mean to be cynical, that there is undoubtedly a second agenda in the Treasurer's thinking. That would be, of course, that he'd rather explain our policies than have to try to explain his own, or, in fact, use the explanation of our policies as some kind of manipulative Byzantine way of distracting attention from those policies of his that anybody might actually construe as a policy.

I would like to say as a matter of record that I'm a little disappointed that the Treasurer would base his research into Liberal policy, which he has so graciously offered to explain across the province, on about a 15- or 30-second clip on one of the local TV or radio outlets. Of course, he hates to have his

statements misconstrued as the result of some interpretation of a media report, and I'm surprised that he would want to bestow that problem on some other party. I want to make it very clear for the record, Mr. Chairman, that it is not, and I emphasize not, the intention of the Liberal Party under any circumstances to bring in a sales tax.

Mr. Chairman, let's talk about the Treasurer's deficit because that's one of the few things that he in fact wanted to talk about. I would like to just emphasize that while the government is in a raucous mood this evening and while the opposition New Democrats seem to be in a jovial mood as well, the issue that is central to this department's estimates and that is in fact perhaps one of the most serious issues facing this government today is the issue of the deficit and the accumulated deficit, of course: the government's debt.

The Treasurer with this budget announces for this year his seventh consecutive deficit, and at the same time he promises, in his projections for the next four years, four more deficits. I like to call this the 7, 11 factor. This Treasurer has been responsible for seven consecutive deficits. Since he has been Treasurer, there has not been one year in which this government has not experienced a deficit. By the end of the 11th year this government won't still be in government, but presuming that they were, that would be their 25th or 26th year in office, and almost 50 percent of the time that they have been in office, they have brought to this province deficit budgets. That's quite a financial record.

10:00

Any government confronted by that problem, which has now amounted to a total debt of about \$14 billion by the end of this current fiscal year – and if you take the Treasurer's own projections to 1997, it will amount to a total debt, at that time, of \$22 billion. Eleven consecutive deficits, four of them promised, seven of them delivered: an accumulated debt to this point of \$14 billion and a projected debt of \$22 billion. Any government that would be confronted with that kind of deficit wouldn't want to have backbenchers smirking in the back in the face of those facts but instead would be presenting to the Legislature a plan to do something about it.

We have scoured the documents, as limited as they are, that the Treasurer has presented to this Legislature. In those documents we see the elements of what the Treasurer is trying to construe as a plan. At one point, Mr. Chairman, in the budget . . . [interjections]

MR. CHAIRMAN: Order.

MR. MITCHELL: At one point in the budget speech the Treasurer says: we will handle the deficit and the debt over the course of the business cycle. Is that a two-year cycle? Is that a five-year cycle? Is that an 11.375-year cycle, 15, 20? What I would like to know is: how does the Treasurer know exactly how the business cycle is going to solve his problem, and when exactly would he pinpoint that that business cycle is, in fact, going to solve his problem? That's the first element of the plan. We're going to solve the problem over the course of the business cycle, the magical, the mystical, the business cycle. Well, I'd like to see it happen, Mr. Chairman, because if he's been depending upon it for the last seven years, it certainly hasn't worked.

The second element of his plan to solve the budget problem has two components. Revenues are going to increase by 6 percent. Let's pick that figure out of there. We don't need a calculator, Mr. Chairman; we need a ladder because we've got to pick that

figure out of the air. And he's going to limit expenditures by 2.5 percent one year, 2.25 percent the next year, and 2 percent the next year, and that's going to solve the deficit and the debt. If we take his two projections, you know what you get? By 1997 you winnow the deficit down to \$1.1 billion. That's what you get. That doesn't balance the budget. That doesn't start to put money against the spiraling debt. It sustains a \$1.1 billion deficit, and he goes on to say that we must cut expenditures by \$275 million a year if we're going to balance the budget by that time.

Of course, his expenditure ceilings aren't a cut of \$275 million. No; they're a 2 and a half percent expenditure increase ceiling and a 2.25 and a 2 percent. But that's not the whole story, because he's not really limiting expenditures by 2 and a half percent. He's limiting selected expenditures, those ones that he chooses – or so he says he can – to limit. He doesn't talk about limiting, within his overall cap, increases in interest carrying costs. Well, if that isn't an expenditure of government, what is it? Can I go to my banker and say: "You know, Mr. Banker, I'm not going to count the interest on my mortgage as an expenditure. Would you mind if I just don't count it? Let's just not deal with it. So I'm not going further into debt at all." No. That's an expenditure, and when he stands up and tells the people of this province that he's limiting expenditure to 2.25 percent, it should wipe the smirk off that backbencher's face because it's not true. It is fundamentally not true. [interjections]

They can laugh, but the fact is, Mr. Chairman, that they're the ones that should be holding this guy to account, because he doesn't listen to anybody else in this House.

Mr. Chairman, I want to talk about how he shaves the figures on debt and deficit. He talks this year about a \$2.3 billion deficit. Well, isn't that interesting. But it's not \$2.3 billion; it's \$2.6 billion. What's the difference? The difference, Mr. Chairman, is the difference between General Revenue Fund deficit and consolidated deficit.

Now, the difference there is that some of that incurred deficit, the \$300 million that he doesn't want to count, is incurred on behalf of the Alberta railway corporation, for example. Well, it's incurred on behalf of the Alberta Municipal Financing Corporation perhaps. It's incurred on behalf of any number of those kinds of agencies. The Treasurer says: well, we're not responsible for that. That's like the federal government saying it's not responsible for the deficit of the postal corporation. Well, of course he is responsible for it. Why does he shave it? Why does he keep telling Albertans that he's not? He can't face the magnitude of those figures, so he misleads and he misrepresents those figures to the people of Alberta. Mr. Chairman, what I know for sure is that if you don't measure it, you'll never manage it. If he keeps construing the debt and the deficits to be different, it will never be properly managed. Do we need to have proof? The proof is in the pudding. It simply has not been managed.

Now, I would like to talk a little bit about some of the ideas that the Treasurer simply disregards. He disregards the need to have an Auditor General with proper efficiency audit powers. He disregards the proposal by our caucus to work to pay-as-you-go capital expenditure. He disregards the proposal by our caucus to have sunset clauses on programs in government so they don't go on forever without being properly reviewed and stopped when they're no longer needed. He disregards the suggestion to have MLA subcommittees that can subpoena witnesses so that MLAs can look at certain departments in depth and we don't have a situation where a Ministry of Health with a 3 and a half billion dollar budget gets a two-hour review, as cursory a review as this

government can possibly manufacture. He disregards proposals. Well-intentioned proposals, necessary proposals have been presented in this Legislature and literally discounted out of hand, Mr. Chairman.

Pensions. The minister has been very concerned, finally, about the unfunded pension liability. It's taken him about five years in this portfolio to understand that that is debt and should be added directly to the total debt of this province. I have some questions. [interjections]

MR. CHAIRMAN: Order in the committee, please.

MR. MITCHELL: The minister has now announced a proposal to handle the unfunded pension liability of the pension funds under his responsibility. I would like to know how it is that he is putting half as much money each year into handling that liability on twice as much liability as his counterpart in Ontario is doing. In Ontario they have half the liability, and they're putting twice as much money to cover that liability over the same period of time. How is it, Mr. Chairman, that we should believe that his plan is going to solve the problem of his liability? The gap here is the gap in the information that we are being provided, and that is: what actuarial assumptions and what actuarial analysis is at the basis, is supporting his proposal to overcome his unfunded pension liability? Given that Ontario has half the unfunded liability and is spending twice the amount of money over the same period of time, how do we reconcile his plan with their plan?

I would like to see, because this is critical to that reconciliation, the assumptions that he is making, the actuarial assumptions. What is the mortality rate that he's assuming? What is the survivor rate that he is assuming? What is the growth rate in the size of the civil service that he is assuming? Has he arbitrarily said, Mr. Chairman, that we're going to assume for this purpose a 10 percent growth rate because that's going to push up premiums? Why will he not show us that, unless there is something that we need to question?

10:10

I would like to see, Mr. Chairman, those actuarial assumptions so that we can evaluate, the people of Alberta can evaluate what exactly is going on with that pension liability. It isn't enough for the Treasurer to say, "Well, we've discussed this with the various groups involved." Two problems. One, they've discussed it with the various groups involved; they've discussed it at best with the executives, with the senior elite of those groups. Two, they haven't released to the people of Alberta, to the public, the information on whose money it is that we, in fact, are dealing with. It's also the case that in one year, 1989-90 to 1990-91, the Auditor General dropped the unfunded pension liability by no less than 33 percent, from \$9 billion to \$6 billion.

Mr. Chairman, I would like to know how it is that that massive drop could have occurred. Clearly he's made some changes in the assumptions about the actuarial assumptions. One that we know about is an increase in the return over inflation, the real rate of return on that fund, from 2.5 percent to 3.5 percent. I wonder whether he could defend that return, given that the history of his investment success is that it is significantly lower than the success achieved by private-sector pension funds that have similar objectives and similar parameters.

Mr. Chairman, I would like to point out that the Auditor General has made it clear that actuarial evaluation should be conducted every three years rather than every five years, and I would ask the Treasurer to explain why it is that he has resisted

this particular proposal and what it would take for him to accept it. Is he considering accepting that proposal at this time?

One of the nagging problems I think all of us and probably some of the members of his own caucus have is the lack of information that we get in the budget documents. It is a very, very cursory presentation of information. Not only does it not allow for an adequate review, a proper review of estimates of each department, Mr. Chairman, but I think it is also the case that he misses important management focus because he doesn't present the information in a way that might enhance management's accountability.

I would like to suggest to the Treasurer that the following improvements to budget information reporting be included in subsequent years. First of all, it would be very helpful if departmental revenues be recorded beside corresponding departmental expenditures in the estimates. Therefore, we could see, Mr. Chairman, how a given department's revenues for, say, park access compare to the expenses that we have for running those parks. It would be very interesting to see whether that is a process that is a net benefit, a net inflow of money to the government or whether the government has to subsidize that. It is a very important measuring tool or reporting tool that would focus management on the importance of raising money against expenses wherever possible.

Secondly, Mr. Chairman, we would like to see special warrant spending by vote from the previous year to be included in the present year's estimates. That is, in the blue estimate book we would like to see a column indicating special warrants so that at a glance we could see where the government underbudgeted or overexpended last year. We could see whether there is a trend or whether that has been accommodated this year. As an aside, I would like to say that nobody but nobody should be misled that this idea of limiting special warrants, as presented in the budget as some kind of fiscal management tool, is anything meaningful at all, because it isn't. All this means is that the minister would have to budget better so he wouldn't have to save himself, worse, by using exorbitant special warrants. Why doesn't he budget properly in the first place? Secondly, it's easy to step into the Legislature and overrule that guideline, in any event, when he does make another mistake, which would of course be all but inevitable.

We would like to see the number of vacant positions in each department be recorded by vote, so at the beginning of the year we don't just see how many full-time positions or temporary positions or how many positions in total there are, but of those positions, how many are not currently filled. That would give us a very important indicator of whether or not the department in fact needs those positions, whether they've been functioning well without those positions being filled, whether there's excess capacity in the public service at a time when we simply cannot afford it.

We'd like to see greater detail provided by vote for expenditure items under Purchase of Capital Assets. I notice in the Treasurer's own budget that there's \$503,400 budgeted for Purchase of Capital Assets. We can assume that this is for computers, for desks, for filing cabinets. It may be for more calculators to add up this spiraling debt. I have this image of this plaintive cry from the department of Treasury: more calculators, just to keep up. Mr. Chairman, I ask this question: if they didn't need the computer last year, if they didn't need the desk last year, if they didn't need the extra filing cabinet last year, why do they need it this year? Surely, at a time when there is a deficit that is literally out of control, the purchase of capital assets such as calculators, more computers, more desks, more who knows what, wastepaper

baskets, could simply be frozen. We don't need it. This is zero-based budgeting. It's not like because you bought a desk last year, you've incurred the necessity of sustaining that kind of expenditure this year. It simply doesn't wash. You don't need that desk. Find it from one of those offices down the hall where it was closed. Cut out the \$60 million in purchases of capital assets that is budgeted across this government, or at the very minimum at least provide us some detail so we can see why in the name of heaven you'd have to buy more of this stuff at a time like this. If you can't cut that, Mr. Chairman, I don't know what this Treasurer can cut.

We'd like to see revenues from lottery funds be included in the estimates for the General Revenue Fund. I can't believe that a minister who would grab \$300 million out of the Alberta Municipal Financing Corporation for his own use could stand to see this public works minister over here with this pool of who knows how many hundreds of millions of dollars sitting idle and utilized at the whim of that minister. How could the Treasurer possibly, with any sense of responsibility, allow that to occur?

We'd like to see greater detail provided on write-downs of failed loans and loan guarantees. Mr. Chairman, this is a very interesting problem this year. The government has budgeted \$6 million for write-downs on loans and loan guarantees. That is assumed within this \$2.6 billion deficit, yet we already know of considerably more required for write-downs this year. Will the Treasurer please indicate to us exactly how it is that he's going to accommodate that within his budget. We would like to see greater detail provided on where the expected write-downs will be applied, and we would like to see written justification for the continued existence of all programs that are included in these estimates.

Mr. Chairman, vote by vote, I would like to again reiterate the question: why do we spend the \$503,400 on the purchase of capital assets? Could the Treasurer in his own budget case give us some detail of that, please, and try to justify how it is that he is doing that? We have noticed in vote 1 the increase in the Treasurer's office expenditures since '86-87, \$252,000 to \$392,000, and would like to have an explanation of why that increase has been required at a rate of almost 8 percent per year.

In particular, I would like the Treasurer to answer how it is that each year since '86-87 he has expended more out of his own office, the Treasurer's office expenditures, vote 1.0.1, than he budgeted in each case. In fact, in his worst year, '87-88, he exceeded budget expenditures by 54 percent. That was 32 percent the following year, 27 percent the following year, and 7 percent in 1990-91. Could we please have an explanation of how it is that he has continued to exceed his budgeted expenditure in his own office? That would be one place where we might expect the Treasurer, who is responsible for cost control across the government, to provide some specific leadership by example.

10:20

Revenue Collection and Rebates, vote 2. This, of course, is designed to cover the cost of collecting corporate income tax and to administer tax incentives and other forms of rebates. Could the minister explain why expenditures under this category have increased this year? Could the minister please explain, as well, what stage his planning is at with respect to his suggestion coming out of the Western Premiers' Conference that the western provinces should consider collecting their own income tax? Could he please explain how it is that that could conceivably be more efficient, how it is that that could conceivably cost Albertans and generally Canadians less money, not more money? It sounds to me, Mr. Chairman, as though it is some kind of unfortunate grab,

unnecessary erosion of federal power, and an unnecessary and costly increase in the expenditures of this government. Could the minister please confirm that the following items are under this program: royalty tax credit, royalty tax credit for individuals and trusts, off-road fuel tax exemptions, fuel and tobacco tax exemptions for Indians and Indian bands, farm fuel distribution allowances, and utility company income taxes? Is that list exhaustive, or are there other programs and other entitlements funded under this particular vote?

Farm Fuel Distribution Allowance: that's been reduced and increased. In the past the original reduction was done without consultation. Could the Treasurer indicate what consultative measure he has in place to ensure that consultation would take place with the agricultural community before he would cut that entitlement at any time in the future?

Under vote 3, Financial Management, Planning and Central Services, the permanent full-time positions dropped by 33 positions. However, Mr. Chairman, salaries, wages and employee benefits are only slated to decrease by 1.6 percent. How can permanent full-time positions drop by 8.4 percent with employee benefits and salary savings being only 1.6 percent? Why this discrepancy? Are remaining staff members receiving an increase in pay? How is it that this opportunity to save money is not going to be realized?

In this vote, as well, the grants fall by 31.4 percent, from \$350,000 to \$240,000. What is the nature of these grants, and why the large decrease this year as opposed to other years?

I'm interested to note, Mr. Chairman, that there is an increase in expenditure under vote 3.1.2, Policies and Procedures. I wonder whether the minister could tell us what exactly that expenditure is for.

Under vote 3.1.5, Disbursement Control, it is apparent that the internal audit function for the department falls under that vote. I wonder whether the minister could indicate specifically how much is budgeted to be spent for 1992-93 on the internal audit function. Could he also briefly describe how the internal audit function is structured in other departments within his government?

With respect to the administration of loan guarantees, Mr. Chairman, clearly the government's record is poor, to say the least, in this regard. We could list, of course, an interminable list of the companies that have failed, some 34 I think at last count, despite the Minister of Economic Development and Trade's belief that he's had an amazing success story in this regard.

The department has been admonished by the Auditor General with respect to review procedures, monitoring procedures, for loans guaranteed by the province. The Auditor General has stated in the past that

information in guarantee files is not always sufficient to demonstrate that existing guaranteed loans are being adequately monitored by financial analysts.

Could the minister comment on the Auditor General's statement in this regard, and will he indicate what action he will be taking to improve his monitoring of those loan guarantees that remain in place?

MR. GOGO: Mr. Chairman, I move the committee rise, report progress, and beg leave to sit again.

[Motion carried]

[Mr. Deputy Speaker in the Chair]

MR. JONSON: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions of the Treasury Department, reports progress thereon, and requests leave to sit again.

MR. DEPUTY SPEAKER: Does the Assembly concur in the report?

SOME HON. MEMBERS: Agreed.

MR. DEPUTY SPEAKER: Opposed?

SOME HON. MEMBERS: No.

MR. DEPUTY SPEAKER: Carried.

The hon. Deputy Government House Leader.

MR. GOGO: Mr. Speaker, by way of information for tomorrow's business, as hon. members know, under Standing Order 58(4), the Leader of the Official Opposition has the right to designate on a Monday by 4 o'clock, which was yesterday, which department may be designated for estimates consideration on the Wednesday. I refer hon. members to Votes and Proceedings of this day designating that tomorrow when estimates are called, they will deal with the Department of Technology, Research and Telecommunications.

[At 10:29 p.m. the Assembly adjourned to Wednesday at 2:30 p.m.]

