

## Legislative Assembly of Alberta

Title: **Monday, June 22, 1992**

**8:00 p.m.**

Date: 92/06/22

[Mr. Speaker in the Chair]

MR. SPEAKER: Be seated, please.

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

### **Bill 39** **Alberta Corporate Tax Amendment Act, 1992**

[Adjourned debate June 22: Mr. Hawkesworth]

MR. HAWKESWORTH: Thank you, Mr. Speaker and fellow colleagues. I just have a few comments. I mentioned earlier section 55.1. Basically, the Bill itself provides a corporate tax cut for large manufacturers and processors, a reduction in the tax rate from 15 and a half to 14 and a half percent in two stages.

I think it's quite interesting to really have a look at the manufacturing sector in our province. At least I'd like to make a few brief comments about the manufacturing sector in Calgary in particular, because I don't think most people realize that by and large our manufacturing sector is made up of small companies, not large ones. In fact, the breakdown of companies doing manufacturing in Calgary is quite an interesting one. So I'd like to just take a couple of minutes to make a couple of points on this score.

The fact of the matter is that if you were to look at the percentage of companies and the size of their work force, nearly 70 percent of companies, at least in the Calgary area, that are involved in manufacturing and processing have 25 or fewer employees. That's a remarkable statistic. Mr. Speaker, if you were to look at the number of companies that employ 50 people or fewer, that's just shy of 90 percent of all manufacturing and processing companies in Calgary.

Just to give you an idea of what I mean by some of the manufacturing companies, 16 percent of all manufacturing companies in Calgary are in oil-related industries. One would have thought with a city the size of Calgary and the nature of our economy that there'd be a higher number than that. Out of 500 manufacturing companies in Calgary 82 of them are in that category. Surprisingly, Mr. Speaker, almost as many companies in Calgary are into furniture and wood products as are into oil-related manufacturing. As well, metal fabrication is again one of the largest categories of manufacturing companies in Calgary, 74 companies, and that's 15 percent of the total.

So, Mr. Speaker, two things as a result of this. I recognize that part of the Act in front of us sets out a definition of what is and is not considered manufacturing; for example, from "farming or fishing" all the way to processing gas, "producing industrial minerals other than sulphur produced by processing natural gas." There's a whole category of them. I find it interesting, first of all, that there doesn't seem to have been a definition previous to this contained in the Act, but now that it's there, I find the list interesting. Within those categories there's, at least in the Calgary area that I represent, a surprising profile of companies that fit into this category. In fact, if you were to look at the largest percentage of companies in manufacturing – after furniture and wood products, plastics, food and drink, electronics – the stitch trade employs almost as many companies as there are plastics companies in Calgary.

This Bill provides an exemption not for small business, Mr. Speaker, but for large processors. In fact, I just find it interesting

that only about 11 percent or 12 percent of all the companies in Calgary that are in the manufacturing sector employ more than 50 employees per company. So it gives me, I guess, some questions as to why this particular Bill is being targeted at some of our larger producers as opposed to being targeted at the vast bulk of companies, the 88 or 90 percent of the companies, at least in the Calgary area – and I'm just speaking of my own knowledge in that area – that have 50 employees or fewer. In effect what the Bill does is give a tax advantage not to small business but to large business.

So when you take a look, \$7 million as the estimated tax cut this year, a half percentage decrease in the tax rate, another \$7 million or so the following year on top of that, I ask myself: why in particular would the minister and the government want to target the large companies, who tend to be able to look after themselves, and is there something that we could be doing with the tax system to help the bulk of manufacturers in our province, the smaller enterprises?

We got quite a bit of a reaction a year or two ago when the Provincial Treasurer eliminated the income tax rebate that flowed through to users of electricity. You'll remember that was about a year or so ago that the big users of electricity made a concerted effort to get this government to back off of that particular initiative. I remember one of the steel companies, if memory serves me correctly, taking a full-page ad in the Edmonton newspaper – I think that company eventually came under government ownership, again if memory serves me correctly – complaining about what this electricity income tax rebate removal was going to do to their costs of doing business.

So I'm just wondering, Mr. Speaker, if this tax cut has more to do with, I guess, trying to correct a past mistake rather than actually accomplishing anything in terms of an incentive to the big manufacturers and processors in our province. They were hit when the government made a policy decision a year or so ago. Now that that impact has hit them hard, I find it interesting that this government would look to helping out the big processors, the big manufacturers, who are obviously well organized. They're good lobbyists. They put their case effectively and probably made a strong impression on the government convincing them of the errors of their ways and convincing them of the very negative impact that decision was a year or so ago. I could see the government taking this action with the Alberta Corporate Tax Amendment Act to give them a tax cut as kind of, I guess, some compensation. You hit them and hurt them one year, and you try and compensate and make up and make amends the following year by giving them a tax cut in their rate. I suspect that's why this in particular has been targeted to the large processors and why the small processors, who make up the bulk of the employment in our province, have been ignored, have been exempted from the benefits of this particular tax cut.

#### **8:10**

I would just say to the Provincial Treasurer: I don't think, first of all, that a tax cut of this magnitude is going to be the deciding factor. I stand to be corrected as we see it unfold over the next year or two, but I honestly don't see that 1 percent in the rate is going to spur new investment and spur major expansion for those processors. I rather suspect that it's simply going to compensate them and do nothing more than that for a hurtful policy decision that was taken a while back. It's not really going to end up making much of a difference in the number of people employed or the output of our manufacturing sector. I stand to be corrected, and if in the fullness of time it becomes obvious that a tax cut of this size has had that impact, I will be surprised.

I would simply say that I would have preferred to see the Provincial Treasurer perhaps target some special program for small business in terms of them actually making new investment. They might get some sort of support from the provincial government on that score, but this sort of blanket reduction in the rate I doubt is going to have the impact. I really suspect the motivations here by the government are simply to try and compensate or correct a difficulty that this government created for all our manufacturers and processors by hitting them real hard on an increase in energy rates back a year or so ago.

So, Mr. Speaker, I guess with those brief comments in terms of the overview and, as I said earlier in my debate this evening before we recessed for supper, my concern or question about this power that the Provincial Treasurer has proposed for himself about the waiving or canceling of penalties or interest, I find curious. I presume he's going to address it. I look forward to his comments with some interest and would simply appeal to him to consider setting out if a tax policy is actually going to have an impact on investment. Perhaps he could have done a better job in terms of matching a reduced tax rate with actual investments made and to have more broadly assisted our manufacturing sector, which tends to be along the lines of small business as opposed to the large business that he's targeting it to.

Thank you.

MR. SPEAKER: Edmonton-Meadowlark.

MR. MITCHELL: Thank you, Mr. Speaker. This is more of the same. The minister has gone on at some length to indicate how his tax reductions are stimulating the economy and creating optimism. It's hard to believe that he could argue that a \$7 million cut in corporate income taxes would stimulate the economy or create optimism. Surely he doesn't believe that. Probably what he believes is that somehow he owes the manufacturing and processing sector, I guess, or the business sector some measure of consolation for the fact that he removed the corporate income tax rebate for privately owned electrical utilities during the 1990 budget. If that is the case, I'd like to hear him say that explicitly so that he doesn't try to take credit in some perverse way for something that doesn't amount to the kind of credit that he's trying to take.

It is interesting to note that this tax reduction applies only to manufacturers and processors and that quite a list of other businesses and business pursuits in this province are excluded from this corporate income tax rebate: farming and fishing, interestingly enough logging, iron ore processing, tar sands extraction, oil and gas well extraction of petroleum and natural gas, mineral extraction, industrial minerals production, electrical energy or steam production, and gas processing. These exemptions, of course, represent the majority, one would think, of the business sector in Alberta, and they remain subject to the 15.5 percent tax rate. So in a sense this has been a very, very limited corporate income tax reduction, it's been very specific and selective in the manner in which it has been applied, it certainly doesn't amount to any kind of initiative that would stimulate the economy or create optimism, and it does raise questions about the fairness of its application due to its selectivity.

It's also true that it doesn't do very much for small business. If there is a sector of our economy that will be the future, it must be small business. In fact, the Treasurer has increased the small business tax rate by 20 percent from 1989, that is to say from 5 percent to 6 percent. In light of the recessionary times and difficult times it seems that perhaps he should be trying to provide some kind of reduction or incentive to small business. He doesn't

provide for that in this particular budget or with this particular initiative.

What is very enlightening, I think, Mr. Speaker, is to put this kind of \$7 million corporate income tax reduction into perspective. This year the Treasurer expects to raise about \$695 million in corporate income tax. If you consider that NovAtel in one fell swoop has lost at least \$681 million, what you can say is: one initiative by this government has wiped out the entire corporate income tax proposed to be collected for this year. If you consider that guarantees that have been called on behalf of this government now amount to about \$1.1 billion in losses, almost two years of corporate income tax revenues have gone to fund – what? – 30 or 35 investment initiatives by these genius businesspeople.

One begins to wonder at the level of responsibility of a Treasurer in a government that collects that kind of money. Two year's worth of corporate income tax collection frittered away in – what? – 30 to 35 hard-nosed business decisions on the part of a government that is the first government to say that it should never be involved in picking winners and losers, that there is too much government, too much intervention, and so on. If you actually add up the \$1.1 billion in losses on guarantees and government intervention directly in the market, supporting winners and losers or trying to, not supporting losers but ending up supporting losers, it is quite a remarkable comparison: about \$1.1 billion in losses, which amounts to about two years of corporate income tax collection. That's quite an achievement. That's the kind of thing that must make your back bench stand up and say: let's support the Treasurer; three cheers for the Treasurer. In any event, I think that is an important comparison to keep in mind.

One of the distractions that the Treasurer is now trying to propose out of all these tax woes that he confronts is this idea of the implementation of a western Canadian income tax collection scheme. What I and my caucus colleagues would argue, Mr. Speaker, is: let's not begin to create more red tape for the people of this province – two tax forms, if you can believe it – but instead look at how the tax system in a sense has become an impediment to what business could be doing. Imagine what could have been accomplished by business in this province if it hadn't had to throw away through its government two year's worth of corporate income tax. Imagine how business could have used those kinds of revenues. Instead, government reached into their pockets and applied two year's worth of corporate income tax revenues – took them from business, which knows how to invest, of course, make these decisions, can pay, has the discipline of the market – to 30 or 35 initiatives which of course lost money.

Imagine what kind of tax structure, what kind of tax incentive there would have been in this province if the Treasurer and his cohorts in economic development and Technology, Research and Telecommunications hadn't felt that they could outthink the market, that they were smarter than the businesspeople and took \$1.1 billion in corporate income tax revenues and literally frittered it away. It is quite an embarrassment, and I hope that the Treasurer doesn't think that a \$7 million income tax reduction in any way is an atonement to the private sector for what he has done with their tax revenue.

8:20

MR. SPEAKER: Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Speaker. I would like to add a few comments on this Bill at second reading.

The Treasurer has decided that it's time to reduce the manufacturers tax from 15.5 percent down to 15 for the second half of this year and down to 14.5 percent for next year. He's going to save

the large corporations, large manufacturers some \$7 million this year and \$15 million next year. As my colleague pointed out, that's a pretty minute amount of money, particularly if you want to compare it to the corporate taxes that the Treasurer expects to collect. I want to look at those figures for a minute, because it's a rather interesting way the Treasurer has of estimating what the corporate tax revenues are going to be in this province.

Now, I realize that these tax cuts apply only to the manufacturing sector, and I'm sure his corporate income tax figures indicate the taxes from other companies as well. If you look at page 32 of the Budget Address for this year, you will find that the actual taxes collected in 1990-91 were \$803 million. It's odd that the Treasurer estimated that year that the taxes collected from corporations would be \$925 million. He was only \$122 million out. I don't think that was accidental because that was back in the days when the Treasurer was trying to make his budgets look closer to being balanced, so he purposely exaggerated the amount of corporate tax that he thought he would collect. I believe that he also did it to make it look like corporations were paying a larger fair share of taxes compared to the personal income tax, and we all know what's happened there over the last 40 or 50 years. We've seen personal taxes go up and up and up, and we've seen corporate taxes paid go down and down and down. So he tries to make it look not quite so bad as it's become.

In fact he turned around and did the same thing in 1991-92. We've not seen the public accounts yet, but in spite of the fact that we were in the middle of a recession, which of course at that stage they weren't owning up to, you might notice that he turned around and estimated another \$900 million in corporate taxes, another reason that he didn't have a balanced budget last year as he claimed he was going to have. Now, he admitted in his forecast that he would only collect \$700 million so, in other words, admitting that in fact we were in a recession at that time and that he had made the books look a lot better than they were to try to get his so-called balanced budget.

Now, this year he has for the first time decided to be a little more honest, and he's estimated corporate income tax collection at \$695 million. I suppose that's probably pretty close to what he will get if his forecast of \$700 million for last year is anywhere near accurate, as I think the economy is staying much the same through the last year and the year before and this year; in other words we were going into a recession, we were in a recession, and now we're supposedly coming out of a recession but having a hard time doing it.

I can't really believe that the \$7 million that the corporations are going to save compared to this \$700 million in taxes or the \$15 million they're going to save next year is going to do very much to stimulate the economy. In fact, I think he's heading the cuts in the wrong direction. If you want to stimulate the local economy, then it would seem to me that you would give the tax break to the small businesses. Last year he increased small business taxes from 5 percent to 6 percent, an increase of 20 percent, and this year he reduces the major corporations' taxes by \$7 million and \$15 million respectively, this year and next year. Now, I don't see what indication he has from any of these major corporations, the big ones being mostly the internationals, that they will in any way, shape, or form be required to or asked to or have any performance demanded of them that says that they will spend that money in this province. There's absolutely no way and no intentions on the part of the Treasurer to do that, and since these bigger manufacturers have mainly worldwide empires, the chance of them spending the money back in this province in this time of recession is not really all that great. So it does seem to me a rather odd thing to do at this stage.

I know to some extent why he did it. The Canadian Manufacturers' Association is putting a lot of pressure on the government. This government loves to stand up and be able to say: we have the lowest taxes, we are the first, and we are the best. All the Canadian Manufacturers' had to do was point out simply that we did not have the lowest taxes, that Quebec does, that in fact Ontario had lower taxes for major corporations until you reduced it to match it. Well, the Treasurer is waving his hands as if to say, "What nonsense," but I can quote his own figures from page 14 of the budget speech from this year. Here we are: Ontario, corporate tax, general rate of 15.5 percent and the manufacturer's tax rate, down to 14.5 percent. Exactly what the Treasurer is now doing. His was 15.5 percent; he's now lowering the manufacturing one to 14.5 percent. So we were not the best. We will be tied with Ontario. Quebec is much lower yet at 6.9 percent for the general rate, but also for the manufacturing rate it is no special different rate. Also, the small manufacturers in Quebec get a 3.75 percent rate compared to our 6 percent rate.

So the manufacturers put a fair amount of pressure on the government. In fact, I remember standing up in this House and reading an analysis by the Canadian Manufacturers' Association, the Alberta section, which absolutely roasted this government for not having the best tax structures in the country, like they always like to brag they do, and telling them that they had absolutely no policies whatsoever to help the manufacturing sector of this province and that in fact they didn't even understand the manufacturing sector of this province.

Now, with this kind of a cut I worry that the direction the minister is going is one of trying to bid for getting manufacturers to come and operate in Alberta as opposed to other jurisdictions. We can get into that kind of a bidding war, but it will be to our sorrow in the long run. What it is is a good way to impoverish the revenues of this province if we start competing with other jurisdictions and they start lowering their rate and we start lowering our rate. What we need in this country is some kind of co-ordination and discussion across the country and some kind of a national industrial strategy that would help the manufacturers of this province and of this country compete in the international marketplace.

So, Mr. Speaker, the Treasurer is succumbing, I think, to a divide-and-conquer kind of tactic and saying that they're going to try to attract huge multinationals to come to this province to develop our economy, yet we're never prepared to make any demands about performance guarantees or what they're going to do with the money they get from us. Giving them tax breaks isn't enough. We then start offering them incentives, actually giving them money or loan guarantees, like we're doing with Al-Pac, yet we don't demand any performance guarantees out of them.

The Treasurer has just brought in the Spending Control Act in which he mentions that tax expenditures will be included. This is Bill 36, that he introduced Friday. It's really great, Mr. Speaker. When the Treasurer gets derisive laughter so great that he has to sit down, then you know that the Treasurer has really shot his credibility in this province, that nobody believes him any more. He glibly puts out all these numbers and throws them around and talks about fiscal plans and management. Quite frankly, a government that's staggered along for seven years trying to reduce the deficit, couldn't do it, and then all of a sudden turned to stimulating the economy because he had to change the directions of his budget in the hope of getting some credibility back with the population before an election is really an incredible sort of admission of failure. Nobody believes him now any more. In his Bill 36 he talks about how one of the things that is going to be covered by his expenditure limits is tax expenditure.

[It] means a reduction in money otherwise payable to the Crown in right of Alberta that funds, in whole or in part, a program, service or benefit.

Now, what I'm wondering is if the Treasurer is going to keep track of the dollars lost – I mean the \$7 million and the \$15 million – and is he going to account that as a tax expenditure, as money lost? We know that the government has had tax expenditures over a period of years that it has not properly accounted for. The Auditor General used to give them a bad time about it, but he's sort of dropped that in the last couple of years. I'm not quite sure why. I'm not quite sure how you arrive at getting the Treasurer to account for tax expenditures. It's time he did, and if he's going to impose his 2 and a half, 2 and a quarter, and 2 percent limits on expenditures and count tax expenditures into it, then these two Bills are definitely related. I would be interested in any comments the Treasurer might have in that regard.

**8:30**

The Bill, like so many of the government Bills these days – and it's a common thing they do; they like to give incredible powers to the ministers. When it comes to making regulations, the ministers have unlimited powers. When it comes to making grants, the ministers have unlimited powers. They just couldn't resist; they had to include a clause in here, 55.1 on page 37 of the Bill, which gives the Treasurer unlimited powers again. It says in 55.1:

Notwithstanding the *Financial Administration Act* . . . which charges the Treasurer with collecting the taxes in this province,

the Provincial Treasurer may at any time waive or cancel the imposition of or liability for any penalty or interest imposed or payable under this Act.

There's no limitation on it. No reason has to be given. The Treasurer can just totally capriciously decide that, well, that's all right. You know, we get to a certain point, and we're in a dispute with this company about what taxes they owe. For no reason whatsoever, for no defined terms as to under what conditions or when or why or how, the Treasurer can totally capriciously decide to give a company a pardon for all of these taxes and disputes about money that he might be in with a particular company.

Now, Mr. Speaker, that leaves it so totally wide open that it's ridiculous. Nobody in this province really trusts the Treasurer to do that in a fair and evenhanded way. We've seen this government give breaks to its friends too often in too many different directions and too many different ways. Nobody here really thinks the Treasurer should have that kind of totally capricious ability to just waive anybody's penalties for any reason whatsoever. So it would be nice if the Treasurer had some kinds of reasons why and sort of explanation of, under what conditions, and that sort of thing or – I don't know – some kind of review panel that people could appeal to or something, some kind of an appeal process I can understand, but just to appeal to the Treasurer and, I guess, if you donate to the right party, have a whole lot of your disputes with the government sort of canceled, if that's what that ends up amounting to, is totally ridiculous. Nobody in this province trusts the Treasurer to even keep the books straight and explain what's going on, let alone giving him that kind of unbridled power to just pardon anybody that he wants to anytime.

Mr. Speaker, I don't find that an acceptable kind of section to have in this Bill. It seem to me that the Treasurer has got to the point where he thinks that whatever is good for the Tory party, as long as he keeps everything on track and thinks that he's controlling and manipulating everything, then that's what's best for all Albertans. Well, I think most Albertans have come to the conclusion that this government certainly does not look after their interests very well.

So, Mr. Speaker, I don't like this Bill, and I don't like the way the Treasurer has presented it or the excuses or the reasons that he's given. The \$7 million and \$15 million that he's going to save aren't going to be worth it. It's not going to get us out of this recession. There are no guarantees that the money will be spent back in Alberta. I for one am against this Bill.

MR. SPEAKER: The Provincial Treasurer, summation.

MR. JOHNSTON: Mr. Speaker, it's always great to hear the best from Edmonton-Kingsway, but then the mediocre are always at their best, I guess.

Mr. Speaker, we've heard these speeches for the past five or six years when it comes to dealing with the fiscal side of the government. On both hands, these people have been speaking about the inequity. On one hand, they said that this is not a large enough tax cut to stimulate the economy. Still further, on the other side they're saying that they'd do an awful lot more to ensure that the economic development took place here. Well, what we have done in this case is to target a specific part of our policy towards the manufacturing process and corporations in this province, and we have directed a small calibration to ensure that they get the signal from Alberta that this is the place to do business. It's that as much as anything that makes this an important piece of legislation.

If you compared the tax legislation here, the rates in Alberta on the corporate side, in fact you'll find that we do have very comparable rates. At the present time, for example, our general rate is probably just around the lowest. I think Prince Edward Island perhaps is a touch lower. Our private corporations, small business rate, is second to several other provinces, but is right in there at six percent. So, Mr. Speaker, let me say that the rates here in Alberta are good rates.

We know that the socialists across the way describe the corporations as corporate welfare bums. Well, it's no wonder nobody would want to invest in a province headed by an NDP government. It's for that reason that these signals are important. They're important to attract investment. Now, what you do, Mr. Speaker – and here's a simple equation. If you set the atmosphere in place, provide the economic environment for investment, then it happens. You get economic development taking place. You get diversification taking place. You get new investment flowing to your province. That's what this Bill does. A small calibration in M and P and then secondly a series of adjustments which brings our legislation in harmony with the federal legislation: nothing mysterious, no linkages, as my friend from Calgary-Mountain View talks about. Simple, up-front, straightforward communication so that the private sector worldwide understands that Alberta is the place to be.

Now, if you bring that together with a variety of other investments which we have here in Alberta in infrastructure, including, for example, a heavy investment in the institutions, universities, and colleges in this province – if you factor that in with the forward thinking that my colleagues the Minister of Energy and the minister of economic development are talking about when they look towards 2000, then you'll see how these policies articulate and shape together and build a very strong economic plan. Not the kind of industrial strategy that the Liberals and NDP talk about, one which Mr. Kingsway says we need: we need a national industrial strategy. Well, I've heard of obsolete, dinosaur positions before. Guess where it's been tried? It's been tried in Prague, Czechoslovakia. I was there this fall. The Member for Cardston and I were in Prague, Czechoslovakia, this fall. They tried national industrial strategies. Guess what they're doing right now, Mr. Speaker?

MR. McEACHERN: Try Japan. Try Germany.

**Speaker's Ruling  
Interrupting a Member**

MR. SPEAKER: Order. Edmonton-Kingsway, you had your chance during the discussion of this Bill. [interjections] Hon. members, I know you're quite aware that this is not question period, so Standing Order 13(4) still applies.

Provincial Treasurer.

**Debate Continued**

MR. JOHNSTON: Czechoslovakia had a national industrial strategy. Now what are they doing? They're rushing to privatize, Mr. Speaker. They're selling government assets – state-controlled, planned economic assets – into private-sector hands. Unless you stimulate the private sector, unless you provide a home for those investment dollars, unless you provide the infrastructure necessary for them to invest in your province, they will go elsewhere worldwide.

Woe betide anybody looking at investment in any of the socialist provinces now governed by the Liberals or the NDP, because they know that there will be confiscatory tax policies, taxes which are directed towards capital – in the case of Ontario, clearly part of the manifesto: tax capital, tax the asset – towards fundamental taxation of small corporations, minimum taxes, as you see in Ontario again. That's not what we want in this province. We want to provide an environment, and that's exactly what this legislation does. Administered here in Alberta, our own framework legislation, our own goals and objectives reflected in this important piece of legislation: that's what this legislation does as part of the complement of strategies which were framed and the budget which was brought down by the government, which I think has been well received across Alberta and certainly across Canada in comparison. In fact, our policies reflect tax cuts to stimulate the economy, not spending. That's the major difference between this Conservative government and all other governments across Canada in terms of other provinces and certainly differentiates us from the Liberals and ND Party across the way.

I move second reading of this Bill.

[Motion carried; Bill 39 read a second time]

8:40

**Bill 35  
Lottery Fund Transfer Act, 1992**

MR. JOHNSTON: Mr. Speaker, this is a Bill that I'm sure even the opposition parties can understand. I can tell you there are no linkages. It's simple enough, not complex, that even the Member for Edmonton-Kingsway can understand it.

It's got one section, Mr. Speaker, one section. Even in that one section there's not much of a hidden message about the principle of this legislation. What it does is move \$25 million from the Lottery Fund to the General Revenue Fund consistent with the policy we started last year whereby surpluses in other funds are used to relieve taxation as opposed to increasing taxes, as others would, such as the Liberal Party with a sales tax in this province. No question about it, a sales tax in this province if the Liberal Party ever got their hands on government.

We're using surpluses from other sources, Mr. Speaker, and this \$25 million complements the legislation that we brought forward last year which transferred money from the Lottery Fund to support the General Revenue Fund and would unburden the taxpayer in this province. This \$25 million will be used for General Revenue Fund purposes, will come out of the Lottery Fund over the course of the next year ahead, but still the Lottery Fund will conduct and carry out its important objectives, has some

flexibility internally, and I'm sure that it will not at all jeopardize the important programs which are being offered there. So this is a very simple piece of legislation in second reading. I don't think the principles are too confusing for the opposition, but I do move second reading of this legislation.

MR. SPEAKER: Calgary-Forest Lawn.

MR. PASHAK: Thank you, Mr. Speaker. Well, it's not a question of the Bill being difficult to understand; the real question here is why it's necessary to have this Bill in the first place. As the Treasurer probably will recall, when the Bill was brought in to change the lotteries Act, the Official Opposition opposed the Bill rather vigorously. We forced the government to bring in closure virtually every step of the way when they amended the Act. A reason for opposing the amendment at that time is very related to Bill 35 today. There's absolutely no parliamentary control over decisions that are made about how those Lottery Fund dollars are to be spent, and as we pointed out at that time, this goes completely against the whole parliamentary tradition. Kings and people that tried to tax people without giving them representation in terms of how those dollars were to be raised or spent lost their heads. Perhaps the Treasurer should lose his head as well.

The reason why this Bill is not necessary: if the government was operating in terms of parliamentary tradition, they would have brought in a spending program for all those lottery dollars at the time they brought in their estimates. Maybe they might have decided to put all of the money into the General Revenue Fund, or maybe there are other alternatives that are available to them. I would suggest that it might have been appropriate, Mr. Speaker, to have a separate fund that would be perhaps set up under the Executive Council. The spending objectives for those dollars would at least come before the Legislature via vote, and all members of the Legislature would be able to look at the principles under which those dollars are being spent.

I just went and grabbed the government's own announcement, Alberta Communications Network, for December 5, 1991. There's a listing in here of 73 community facility enhancement program grants that were announced. That money comes out of the Lottery Fund. Really it's a dog's breakfast in terms of how this money is distributed. There's no rhyme or reason; there are no principles. It's easy for the public to become cynical about politicians when they seem to be doling out money to buy votes without any strategic plan. Now, not all of that money that was distributed was done for partisan political purposes. Some seems to meet legitimate objectives. But when you read through this – let me just cite a few examples from the government's own publication. Here's something in Edmonton: "Recreation planning – Summer Village of West Cove, \$8,000." Now, that's for recreation planning. The government tried to say that this money was not for planning; it was for repair, renovation, upgrading, or expansion of a wide variety of family and community facilities. So what's the \$8,000 for recreation planning for the summer village? Who benefits from that?

Here's another grant of \$83,400 for "two sheets of artificial ice at the Dixonville Curling Rink." Why should money be going to curling rinks? Well, maybe that is a legitimate objective, but when I go around my constituency in Calgary-Forest Lawn and go into schools and find out that the libraries are inadequate, I say: "Should we be funding libraries so that kids have decent books to read? Should we be better funding community health clinics? Or should we be putting money into curling rinks?"

As you go through here, you look at all the money that goes to golf courses. Now, I know that the Minister of Public Works, Supply and Services, who's responsible for lotteries, is an avid

golfer, but does he need to build golf courses in every single town in Alberta? I enjoy playing golf, but I at least think that if I play golf, I should pay out of my own pocket for the privilege of playing golf, and that shouldn't be done at public expense.

Here's another grant: "Renovating and expanding the Decidedly Jazz Danceworks Studios," \$21,000. Does everybody benefit from that? Maybe. I don't know. Here's \$4,000 for aerial ski jumping. I remember reading about one of these grants, \$500 or \$600, I think it was. It wasn't a big sum of money, but it went to pay for an extension to a hang gliding club. I think it was in Rimbey, Alberta. Now, what are we doing giving some little group \$500 or \$600 to expand a hang gliding club, Mr. Speaker? There should at least be some principles according to which this money is spent. We shouldn't need a Bill like Bill 35 that transfers money out of there. This should all be decided in advance.

I'd just like to give you a couple of other examples. What in the world are we doing out of those lottery dollars renovating and upgrading the municipal administration office at Bentley for \$10,000? Why is that coming out of lottery funds and not out of the General Revenue Fund? Why isn't that money coming out of Municipal Affairs?

MRS. MIROSH: What about the playground in Forest Lawn?

MR. PASHAK: Well, I know. My constituency has received a number of community facility and enhancement program grants. [interjections] No, wait a minute. I said that not all of these grants are questionable.

MR. SPEAKER: Order. Through the Chair, hon. member.

MR. PASHAK: Well, Mr. Speaker, I think that, as I said to begin with, some of these grants are needed within the communities. I think you have to understand that most of these lottery dollars, by the way, are raised off the backs of urban poor. They're the ones who disproportionately buy lottery tickets. [interjections] No, no. If you look at the statistics, you will find out that I'm accurate with respect to that, so in a way it's a form of indirect taxation on lower income Albertans throughout the province, not just the urban poor but poor people generally. It's one of the ways in which they hope they can get themselves out of the traps of poverty they often find themselves in.

I think a general principle should apply here. If it's a hotel tax, I think a proportion of those hotel taxes should go back to the tourist industry to help them with their aims and objectives. If you've got taxes on alcohol, certainly a proportion of those taxes should go back to do alcoholic rehabilitation or whatever. If you've got lottery funds, I think that if those dollars are raised on the backs of low income people, the money should be targeted to provide some benefit for those people in terms of their living conditions.

"Restoring the historical Fort Saskatchewan C.N. Railway Station, \$140,000." How does that benefit communities? Here's the Two Hills Lions Club: a hundred thousand dollars for developing a district golf course. Westlock: \$80,000 for expanding the Westlock golf course. Another \$45,000 for the construction of the Manning golf course. Well, those are just some examples, Mr. Speaker, but you can see that there doesn't seem to be any planning or priority, no accountability for spending of those dollars. I think that if the government was really a proper steward of moneys that are received by the government, they would have in place rigorous spending priorities in that they would have the courage to bring all of those spending

priorities before the Legislative Assembly itself. In that sense, it would make a Bill like Bill 35 not necessary.

MR. SPEAKER: Edmonton-Meadowlark.

8:50

MR. MITCHELL: Thank you, Mr. Speaker. I find myself having to agree with the Member for Calgary-Forest Lawn. He actually makes some very pertinent points about this particular Bill. The question you have to ask is: from a government that thinks there's too much government, there are too many Acts – in fact, I think the Premier once said that we should sit less, because then we'd get less government. Isn't that a highly insightful observation? For a government that would do that and then bring in a Bill that really is useless really makes no point at all. I mean, the fact is that this government brought to the Legislature legislation to legitimize – and I use that word loosely – its inclination to spend public lottery funds outside the Legislature process; that is to say, without Legislature authorization. They brought in a Bill that said they can spend that money however they want to spend it. They can buy whatever golf courses they want to buy. They can buy whatever curling rinks they want to buy. They can buy whatever briefcases they want to buy for government MLAs. I know the Member for Little Bow is upset because he came after they bought those briefcases.

The fact is, Mr. Speaker, that they can spend that money however they want to spend it. Then all of a sudden the Treasurer brings in a Bill that says: I need to have authorization to give \$25 million to the General Revenue Fund where it will actually be reviewed by the Legislature and approved properly in keeping with the proper legislative process. Now, why would he waste our time with this? Only one reason and that is because he wants to get some public relations value. He's going to try to highlight what a great Treasurer he is, that he just found 25 million bucks in a pool of who knows how much, maybe \$140 million, and he's going to try and advertise that to all the people of Alberta with this little Bill and the debate in this Legislature to say, "Look at what a wonderful government we are." Whereas they can spend a hundred million dollars on any number of projects out there in any number of Conservative ridings without really telling anybody what's happening or getting any kind of approval, he feels that when he actually gives money to the General Revenue Fund, puts it in the process of where it's going to be reviewed properly by the Legislature – or as properly as it can be under this regime – he has to get some kind of special authorization.

You know, it's almost pitiful when you start to add up the desperate moves that this government is making in this session alone: the boundaries where we had to wrench between a Supreme Court ruling and some kind of limited parameters; the votes in the Spending Control Act, which we'll get to, and how he's going to change that control. Mr. Speaker, there is one after another of cynical political manoeuvres. This I find pitiful. I find it pathetic. I find it actually quite disconcerting that this Treasurer would actually ask us to pass a Bill to give money back to the people of Alberta, where it should be, when he has his public works minister out like – who knows? – some kind of Santa Claus giving out cheques as though there's no tomorrow, without any authorization of the Legislature.

I look at these people across here, Mr. Speaker, I look at these people in this Conservative back bench, and I ask: what is going through their minds? Who do they think they're trying to fool? At what point do they start to get some dignity and some grace back instead of trying this kind of manipulation? It's ludicrous, just ludicrous.

**Point of Order  
Reflections on A Member**

MR. McFARLAND: Point of order, please, Mr. Speaker.

MR. SPEAKER: Point of order, Little Bow. [interjections] Order please. Dignity and grace, hon. member. [interjections] Order please. Listen to your own . . . [interjections] Order, order. You yourself, Edmonton-Meadowlark, used the words "dignity" and "grace," so listen to your own echo. It's a point of order. It will be heard in silence.

Little Bow.

MR. McFARLAND: Thank you, Mr. Speaker. I don't know if my point of order is too late. It has to do with the comments from Edmonton-Meadowlark that I was upset. I can put up with that if it's meant to be in jest, but when he uses words like "pitiful" and on and on in a derogatory manner, I resent the fact, even if it was in jest, that I'm upset about not getting a briefcase from Mr. Kowalski. Enough said.

MR. SPEAKER: Thank you. I take your comment.

MR. MITCHELL: I have the right to answer.

MR. SPEAKER: All right. Thank you.

MR. MITCHELL: I want to say, Mr. Speaker, that my comment about pitiful and pathetic did not apply to the Member for Little Bow, to whom I would not apply those kinds of adjectives. Those two adjectives apply to this government and this fiscal regime and this Treasurer's action in Bills like this. That's what they apply to.

MR. SPEAKER: Thank you for the clarification with respect to the Member for Little Bow.

**Debate Continued**

MR. SPEAKER: Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Speaker. Well, the Provincial Treasurer indicated he thought that even the opposition could understand the principles of Bill 35. I don't think they're too hard to understand; they seem to have eluded the Provincial Treasurer, however. What he's so much as said tonight is this: in terms of having a sophisticated fiscal strategy for the future, the Provincial Treasurer's strategy is to basically take all the cash out of all the funds that he can lay his hands on. By raiding the Lottery Fund one more time, that's really what he's saying here tonight is his fiscal strategy.

Mr. Speaker, you know something? After he raided the fund last year, there's hardly any money left. He took out \$125 million last year. This was the big fiscal strategy to balance the budget. Anybody remember the principle of the balanced budget last year? Maybe the Provincial Treasurer could understand that principle. I mean, we understood the principle. It was a pretty cynical move, but we're all politicians. We understood what he was about and why he was doing it. The principle that he wants us to understand was to raid the fund to balance the budget. They laid their hands on almost all of the money they could find. He still wants to pursue that strategy which he pursued last year, but funnily enough there's hardly any money left at all: enough to buy you a public inquiry into where all the money went when the Principal Group collapsed. Anyway, I won't get into that, where that one went.

Mr. Speaker, what happens now when all this money's gone? Where's the great fiscal strategy of the Provincial Treasurer?

MR. SIGURDSON: He's going to play scratch and win.

MR. HAWKESWORTH: He's going to play scratch and win? He's going to have to buy the 6/49. In fact, maybe that's where all the money did go.

Such a fiscal strategy, Mr. Speaker: it lasted all of two years. You know, it's interesting when you pick up the public accounts. I know they're quite outdated, but they're the only ones we've got. Before the Provincial Treasurer got his hands on this money, \$237 million was the fund equity at the beginning of the year, in the year ending March 31, 1991. The surplus for that year: \$37 million. Well, the surplus that the Lottery Fund ran that year, \$30 million of it came from interest. So if the Provincial Treasurer last year took \$225 million out, pretty well emptied the fund, virtually all of their surplus in that year was from interest, obviously the fund had no money left to earn interest in this past year. All he could find was \$25 million. You know, it's a fiscal strategy. It's great for one year, but a one-year plan does not a strategy make. Draining all the cash out of the system, finding all the dollars that have been stashed away in the mattresses, digging up the family heirlooms out in the backyard or wherever it is that the Provincial Treasurer wants to look for money: eventually it runs out, and that's what we see happening this year. Twenty-five million dollars: all he could get his hands on and one more reason why this year the deficit's going to be \$4 billion.

Mr. Speaker, I also want to echo the comments made by my other colleagues in this Legislature, particularly those comments by the Member for Calgary-Forest Lawn who talks about the need to establish greater accountability for lottery revenues. I couldn't agree with him more. In fact, I don't think anyone would agree with him more other than our very own Auditor General, because, as I would like to point out here, in his most recent annual report, again for the year ended March 31, 1991, he still has a great deal of concern that there's still a lack of compliance with legislation, but his primary concern is a lack of accountability for the disbursement of some lottery revenues. He makes the point that there's a great deal of accountability lacking in the way the lottery funds are administered.

**9:00**

So on one hand, Mr. Speaker, I suppose we should be thankful that the Provincial Treasurer has found \$25 million to grab out of the surplus of the Lottery Fund. It gives the Minister of Public Works, Supply and Services \$25 million less to play around with in terms of using those funds in a way that's not accountable and certainly in a way that is criticized by the Auditor General. He makes a couple of suggestions, for example, about how the Lottery Fund could be more properly administered and accounted for, and he also feels that payments through the Lottery Fund could be made through the General Revenue Fund instead. You know, the provincial government here invokes the name of the Auditor General anytime the opposition asks more questions about NovAtel. That sort of strategy would have some credibility if I thought that on other issues the provincial government actually was concerned about what the Auditor General had to say, but when it comes to the Auditor General's recommendations on the Lottery Fund, this government has not moved to establish the accountability that ought to be there.

Now, I find it also interesting, Mr. Speaker, that in the past the lotteries have used their charities as a marketing tool. I mean, when you buy a ticket on the 6/49, at the back of your mind is:

“Well, you know, if I don't win this time, the money goes to a good cause. It supports the agricultural fairs. It supports sports programs. It supports the Alberta Sport Council. It supports cultural events: ballet, the theatre, and symphonies.” So if people put their money on the table, buy this lottery ticket, and their ship doesn't come in, so to speak, people can console themselves with the idea that it's gone to a good cause. It's very much a marketing tool. This is the way that lotteries and gambling have been sold to an unsuspecting public in Canada for the last 20-some years. You know, you can't bring in a lottery scheme or a gambling scheme to raise money for government. That would never fly. The political outrage, the political backlash would be too much for any government that contemplated doing that. So the way they've introduced lotteries and gaming and gambling generally and expanded these activities over the years is to tie these gambling activities with charitable causes. It's simply a way of marketing gambling and lotteries. It convinces people that to go out and buy a lottery ticket is almost a patriotic thing to do.

But what we find happening now with the Provincial Treasurer raiding the fund is that the good cause now ends up being government. I for one sort of welcome that part of the trend, Mr. Speaker, because as far as I'm concerned it's more honest. In fact, I feel that lottery funds should be expended as part of the overall estimates debate of the General Revenue Fund. I find it interesting now, when you think of what the Provincial Treasurer is doing here by raiding the surplus in the Lottery Fund, just to think of that slogan the lotteries use: the source of many benefits. It sort of takes on a whole new meaning and a whole new life, that instead of being so much a source of many benefits, it's really the source of one benefit, that being the operations of government. People might also be not quite so anxious to go out and buy their lottery tickets or spend their money on these schemes and games knowing that really the money is a form of taxation, that they have a very small chance of winning, and that in fact it's a voluntary tax they're giving over directly to government. Maybe it will have an impact on people's gambling behaviour.

The Member for Calgary-Forest Lawn was absolutely correct that in terms of percentage of income, people of lower income tend to gamble a higher percentage of their income on lotteries than people in the middle or upper middle classes. They may not buy quite so many tickets, Mr. Speaker, but they have less money to spend, and therefore what they do spend on these schemes tends to be a higher portion of their income, which in turn makes lotteries not just a voluntary tax but a voluntary regressive tax.

So, Mr. Speaker, there are certainly a lot of reforms that I'd like to see occur around the whole management of gambling and lotteries in this province. Some policy decisions that have been taken over the years have resulted in incremental changes to lotteries policies to the point that it's grown up topsy-turvy without any clear direction and it's been seen as nothing more than a fund for dispensing political goodies. It's been a source of funds for the minister responsible to totally arbitrarily and with virtually complete discretion dole out a little bit here, a little bit there, sending the cheque to an opposition riding with a government member as a way of trying to buy votes. I don't object to that, because really what happens when they do that – at least my experience has been – is that it backfires, and that in fact people are much more sophisticated than that and almost resent what they see as a crass political move by the government to use lottery funds in a purely partisan way. They recognize and see lottery funds as more properly belonging to them as citizens of this province, and when they see that sort of thing happening, it makes them all that much more cynical about government and about this government in particular.

So I just point out this evening, Mr. Speaker, that it doesn't concern me very much and it doesn't worry me a lot. I just want the government to know that my experience has been that that partisan usage of the Lottery Fund, while I think it's inappropriate, also has not had the impact that the Minister of Public Works, Supply and Services might have hoped for.

Mr. Speaker, all in all, the principles that I understand are these. This provincial government doesn't have a fiscal strategy short of sort of taking all the money they can find hidden away in the mattress. That's the only fiscal strategy driving this government. The other principle is that lotteries have been a source of partisanship. That's changing; that's disappearing. Lotteries have been not properly or fully accounted for. The government is not as accountable on their operation as they ought to be. That's another principle I understand; I don't know whether the Provincial Treasurer does or not. That one is perhaps going to change too.

#### 9:10

What I see happening here is that the Lottery Fund is disappearing for a short-term political agenda, that once that money runs out, this government has no plans for the future, no idea what to do. They have no money. They have no hope. They have nothing after this money has disappeared. That, Mr. Speaker, I find the biggest gamble of all: that they really are hoping that something – please, something – will come along down the pike to rescue us from this morass that this government has gotten themselves into, this fiscal quagmire that we're rapidly sinking into, a \$4 billion debt this year.

All I see out of this government is: let's pull in the money from all these little funds everywhere and just pray that some guardian angel up there, some good luck, some change in the marketplace, some new contract for our oil and gas will bail us out. It's a government that lives by lotteries. It's a government that I believe fiscally is going to die by lotteries, because all they've done is taken a very cavalier attitude towards all of our fiscal matters. All they really seem to have going for them is a hope that somewhere along the line a golden jackpot is going to burst onto Alberta's horizon within the next year showering all kinds of money into the Provincial Treasurer's coffers and all will be well. That seems to be the only fiscal strategy I can see out of this Provincial Treasurer. That's a principle I can understand, watching him in operation here in the last couple of years. He's flying on a wing and a prayer. That, Mr. Speaker, means that he's the biggest gambler in Alberta, and as we all know, the chances of any gambler succeeding are less than being hit by a bolt of lightning. There are more people in Canada, I understand, hit by lightning each year than win the 6/49 jackpot.

So I just say, Mr. Speaker, that it's quite clear to me what the Provincial Treasurer's principles are. I don't know whether he sees them as clearly as we do.

MR. SPEAKER: The Member for Athabasca-Lac La Biche.

MR. CARDINAL: Thank you, Mr. Speaker. Just briefly. I hadn't planned on speaking in support of this Bill, but after listening to the members for Calgary-Mountain View and Calgary-Forest Lawn and the Liberal from Edmonton-Meadowlark, I just have to get up and talk about some of these programs that they run down. I know it seems like Calgary-Mountain View and Calgary-Forest Lawn and also Edmonton-Meadowlark don't need the programming from lotteries, but we sure do in some parts of the province. I don't think it's fair for me to sit down and listen and not have my input as to why I think they are wrong.



I just look at the area I cover in the Athabasca-Lac La Biche constituency. I cover an area that's 58,000 square kilometres. In that area in the past three years we've approved over 50 different projects, and when we're talking projects, the members I listened to, from the NDP in particular, seem to think that the money is just handed out without any work. Well, maybe you guys do that, but I don't. The work on those 50 projects is done by community volunteers, which include senior citizens, native organizations, small communities that are poor. They volunteer. They spent the last three years in most cases putting their little packages together, and when they do put their small packages together for projects, then do you know what they do? They have to come up with 50 percent of the dollars. Where are they going to find the dollars? A lot of people have to put in sweat equity, and that's not easy to do in those rural constituencies.

I'd just like to talk about some of the projects you talk about. The NDs, especially the Member for Calgary-Forest Lawn, indicated that most of the projects were useless and a waste. Well, I'm glad to have that in *Hansard*, the NDP saying that, and the Liberals with their rinky-dinky towns. I don't know how you feel about rinky-dinky towns. Well, I'll tell you. I'm going to list them here tonight in *Hansard*.

Rinky-dinky towns like Beaver Lake Cree tribe got a small community hall approved for a grant. They spent two and a half years trying to get a community hall set up. That wasn't easy for them. They had to beg, borrow, and steal to put up their portion of their project. Buffalo Lake Metis settlement is another small community that made an application for \$50,000 for a small community hall. There are no other recreation facilities in that particular community, and that project is not completely finished yet.

Boy Scouts of Canada I think is a very, very valuable organization. They did get approved for a project in my area. I think that's very, very worth while and hope we continue supporting it. Other projects. Think of this, Boyle and District Senior Citizens, a group of seniors spending day after day after day planning these little projects so they can get some lottery dollars to build up their community recreation facilities. The county of Thorhild, a small community playground, \$1,500. A group of ladies worked together. Five or six ladies worked for three months to put a project together and after they got funding volunteered their time to go help build this community project.

The NDs and the Liberals say they're not worth while? Well, I'm glad to hear that, because *Hansard* has it on record that you people do not support any of these projects. Plamondon Pioneer Club, another pioneers group in the village of Plamondon, a small community again, made valuable use of this program. They put in hours and hours volunteering, not only putting the package together but the planning, the traveling, the phone calls to myself, the phone calls to various departments to get the program organized. Rochester Community Playground Association, Silver Horizon Drop In Centre at Newbrook, another senior citizens' project in my community. Fawcett Senior Citizens' Club, another senior citizens club that spent three years building a small facility for themselves so they have a place to gather, because there are not too many places you can find out there in rural Alberta unless you're willing to go out and work and scrounge and find dollars to build these facilities. Dapp community centre, that's another little project. Fawcett Senior Citizens' Club, Rich Lake Rec and Ag Society, another community project. Caslan Rec . . .

#### Speaker's Ruling Relevance

MR. SPEAKER: Forgive me, hon. member. The Chair had great difficulty when Calgary-Forest Lawn was busy running

down a whole list of projects as well. I think your seven or eight examples have helped to offset the seven or eight examples that were given previously, but we're not here to go through a line-by-line examination of what happens with those funds in the community facility enhancement program. What we're dealing with here is this transfer, and I'm sure hon. members will refocus the rest of the debate in that way, please.

MR. CARDINAL: Thank you very much then, Mr. Speaker.

#### Debate Continued

MR. CARDINAL: I'm done with my presentation. I speak in support of the Bill.

MR. SPEAKER: Thank you, hon. member.  
Edmonton-Belmont.

MR. SIGURDSON: Thank you, Mr. Speaker. I think the Member for Athabasca-Lac La Biche was just looking for some gratis typesetting for his next election leaflet rather than anything else, because quite frankly, what happened is that the member opposite, like so many members over there, missed the point. [interjection] This isn't about a game. Yes, strike two; working on strike three. Let's see what you can do.

This Bill, Mr. Speaker, like Bill 10 of nineteen-eighty-whatever-it-was, was the Bill that allowed the creation of a slush fund. [interjection] Nineteen eighty-seven? Thank you very much. [interjection] Eighty-something.

MR. SPEAKER: Through the Chair, hon. members. This is not Committee of the Whole.

MR. SIGURDSON: I do apologize, Mr. Speaker.

Bill 10 was the Bill that created the slush fund that allowed for the government to not be criticized as frequently by the Auditor General, because every year the Auditor General came along and said: "Oh, well, we've got a problem here. We haven't got any fiscal accountability for the lottery dollars, no authorization for spending, and we have a violation of statute." What you can do is put that money into general revenue or you can create what we like to term a slush fund. Now, what happened? Rather than put the money into general revenue where the money should have gone in the first place, the money was sent up into this little fund that allowed for all kinds of projects and programs to be undertaken by various community groups. Many of those projects, many of those programs came out of my constituency. We've got some funding. The Member for Athabasca-Lac La Biche talks about the 50 in his constituency. They got some funding. I'm sure, Mr. Speaker, that the majority of those 50 were needy projects that deserved some funding, but the problem wasn't the funding of the projects. The problem was the accountability, something that is, unfortunately, foreign to too many of the Conservative backbenchers. It's foreign seemingly these days to too many members of the front bench. Accountability: not a tough concept, but one that seems to have flown out the window.

9:20

Now we've got the Provincial Treasurer trying to get \$25 million of the Lottery Fund back into general revenue. Well, hopefully, if it's not being squandered away in interest charges that are there because of some other government foul-up in an investment somewhere south of the border, that money will go to some of those useful programs that people are applying for so that the communities that need those dollars for programs and projects

inside the boundaries of their communities can get that funding. Perhaps we'll have that accountability this time. That's what this Bill 35 is about. It brings some accountability back to this place where we're supposed to pass the expenditures of this province, not to have somebody say, "Well, we put in sweat, we put in hours, we deserve," and have a favourite MLA go forward to a minister that happens to control the fund to get the blessing from upon high so that their community can benefit.

Mr. Speaker, I think that when we take a look at Bill 35, it's a step to correct that which was wrong a few years ago.

MR. SPEAKER: Edmonton-Kingsway.

MR. McEACHERN: Yes, Mr. Speaker. My colleagues have made quite a number of points. I won't repeat them all, but I will add a few comments. The Auditor General told the government to either put the lottery funds under the budget or create a separate authority under which they could spend the funds. The government chose the latter, and my colleague for Edmonton-Belmont called it a slush fund. Unfortunately, it didn't have to be a slush fund, but that was just the way the government chose to do it.

When my colleague for Edmonton-Belmont talked about accountability, there are two parts to that accountability. One is putting forward the ideas of what you're going to spend the money on, and then the other one is accounting for it after you've spent it. Now, it is true that the Minister of Public Works, Supply and Services accounts for the expenditures quite well after they're spent. We do not deny that. The Member for Calgary-Forest Lawn had a long list of all the things that the money had been spent on. I want to just say to the Member for Athabasca-Lac La Biche that many of the projects are worth while. A lot of the community groups do a lot of hard work and do deserve the support and funding. Nobody's arguing that, but what we are arguing is that there should be some kind of process by which these expenditures are approved by the Legislature before they're made. It's that side of the accountability that's missing.

If the government had chosen to treat the Lottery Fund something like they treat the Capital Fund or the capital projects section of the heritage trust fund expenditures, then that would be all right. You would have the Lottery Fund expenditures before the Assembly in some manner of detail. Obviously, there would be sorts of categories. We understand that generally speaking it's spent on cultural things, sports things, and community league kinds of things. We're not particularly quarreling with that, although we do wonder sometimes when golf courses get a lot of money and sometimes community leagues have to wait a long time or struggle really hard to get a few dollars. If we had a Bill before the Assembly debating the priorities and spending that was going to take place before it was done, we might also raise the question of whether or not we should be spending some money on some golf courses or whether we should be putting it into things like youth emergency shelters or WIN houses or those kinds of things. That would raise another dimension, but that's certainly a debate that would be worth having in terms of talking about the expenditures of this government. The point is that we don't get any chance whatsoever to debate the expenditures of the Lottery Fund.

Now, what this Act does is say that we're going to take \$25 million from the Lottery Fund because it happens to be surplus to what the government or the minister decided to spend. How did the government decide how much to spend? I assume there was something in the neighbourhood of \$130 million or \$140 million collected last year and some hundred million spent - we're just guessing - and so there were some \$25 million left over. So the Treasurer says: oh, I'll have that. Now, you can add that, Mr.

Speaker, to a whole long list of things that the Treasurer said I'll have for my budget.

It's really quite interesting because it doesn't really accomplish anything for the total picture of the province. For example, if you want to look at the idea that the Treasurer - he just said it when he introduced the Bill. He said: it's consistent with our fiscal policy of taking any surpluses in any other government budgets and putting it into the general revenue account - to make his budget look better of course. He didn't add those words. Now, there aren't any revenues for the Capital Fund. There aren't any revenues for the heritage trust fund capital projects division expenditure, so he doesn't have any surpluses he can take there. It's just straight expenditures, which he ignores in his budget.

Also in his budget he took another little nest egg. He decided to take \$300 million from the Alberta Municipal Financing Corporation this year and put it into his general revenue account. Now, guess what happens with this \$25 million and that \$300 million, Mr. Speaker? As a matter of fact, the Auditor General in doing the consolidated books of the province will already have counted them. So while the Treasurer has made his budget balance look a little better - I mean, \$2.3 billion isn't very good, but at least it's \$300 million better than it would be if he hadn't taken the \$300 million from the Alberta Municipal Financing Corporation, and it's \$25 million better because he's going to take this \$25 million, but when the Auditor General goes to do the whole consolidated books of the province, he's just going to have to subtract that, because he always counted those in anyway. So really all it's done is made it so the Treasurer can say, "I've got a \$2.3 billion deficit."

Now, you and I know, and we've already been around that before, that in fact it's more than that. There's the Capital Fund which has no offsetting revenues. The heritage fund has no offsetting revenues. There's the \$325 million I've just described that's going to have to be added. That puts us up to \$3 billion already. Mr. Speaker, it's an incredible shell game that the Treasurer plays.

What he really should have done with this Bill is brought in the full \$135 million or \$140 million or whatever anticipated revenues he has for the Lottery Fund for the year and said: "Okay, here's the amount of money we expect to have. Here's how we want to spend it: X dollars in cultural things," and maybe break that down into different categories a little bit. "Here's how much we want to spend in sports things," and break that down a bit and set out some principles under which he's going to spend them. "Here's what we want to spend in community leagues and capital projects for community development," and break that down a little bit and give us a minibudget for the lottery funds. That's exactly what was needed, and then we could have had an estimates kind of debate on it like we do for the Capital Fund, like we do for the capital projects division of the heritage trust fund. That's what needs to be done. That's what's missing.

That's what we on this side of the House are saying, but everybody on the other side, in order to defend their Treasurer, who somehow is to be believed regardless of what kind of gobbledygook he gives us, in order to defend him, you then start saying we're not in favour of some of the expenditures that are made. It's true we're not in favour of some of the expenditures. We are in favour of many of them, but we would like to have them presented to us in an estimates kind of way either in the general budget - which is my preference; I would like to have seen all lottery funds put into the general revenues - and then the expenditures from the Lottery Fund, if you wanted to keep that as sort of part maybe of Executive Council, for example, like the Member for Calgary-Forest Lawn suggested. Then at least they

would be before this Assembly to be debated and discussed and passed by this Assembly before the expenditures were actually made. That's really what needs to be done.

So what we have here is a Bill that doesn't really go that far toward meeting the idea of putting the money into the general revenue account. This \$25 million at least will go to some of those things which have been approved in budgetary expenditures. So to that extent, it is a step in the right direction, but it's such a small one, because the \$100 million or so that is spent by the minister without any prior approval by the legislative body of this province, which is supposed to approve all expenditures of the province, has not been done.

9:30

The minister has no authority whatsoever to do it other than that the lottery fund Act gave him the money as if it were some kind of a personal slush fund for him, and that's what we object to, Mr. Speaker. Surely the government can understand that people aren't going to put up forever with that kind of sloppy accounting for what's happening with the dollars or who's planning on spending the dollars or in what way or for what reasons. If they don't, then I guess this government isn't going to be around to spend the next set of lottery dollars after this year, or at least I would expect that they won't be.

Just one other thing that I had meant to say and I should add, I guess. It's already been said that the people who buy the lottery tickets are by and large hardworking people who don't have a lot of money. They buy them as sort of their way or their hope that someday they can strike it rich. It's really a pity. There was a time in North America when there was the idea that if you went out and worked hard, you could make it big. It's called the Horatio Alger dream or the American dream: anybody can make it if they really put their mind to it and really work hard. For about a third of the population at least, if not maybe half, the chance of working hard and making it big in this society is disappearing. We keep the bottom third and maybe even the bottom half in rather poverty conditions that don't allow them the chance to really get out of that poverty, so the hope is to buy a lottery ticket and get out of it.

The government does sell it in the most crass way. I cringe when I see the ads. They really imply that if you just buy a lottery ticket, you're going to be on easy street. The odds are so astronomical. The least they could do is break down the prizes into smaller amounts and give out more of them. A million dollars usually just wrecks the family life and ties of an individual; \$5 million or \$10 million usually just messes up the person's life. A hundred thousand dollars would probably buy them a home and get them started on going back to school to get some further education or training. So instead of wrecking one person's life with a million dollars, why aren't we giving out 10 prizes of \$100,000 and buying somebody that needs it a home or financing their way back to school, something productive and constructive that they could then use to get out of the poverty trap they feel like they're in? We could help 10 people instead of messing up one person's life on every million dollars in prizes. This government likes to make the prizes bigger. As the prizes get bigger, \$5 million to \$10 million prizes, then they can sell more and convince more people that they're going to be the ones to get this \$5 million or \$10 million and they're going to be on easy street for the rest of their lives, when in fact really what happens to most of them is that they can't handle it and they mess up their lives.

So, Mr. Speaker, this tax on the poor is really unpardonable, and the way this government handles it is totally ridiculous. Their lack of accountability in setting some parameters and some

reasons and some criteria by which it should be spent and having that debated here in this Assembly as a kind of estimates type of debate is totally unpardonable.

MR. JOHNSTON: Mr. Speaker, I have to apologize to the Assembly. I was wrong. I misread and misunderstood that the opposition could put such emphasis on such a simple Bill. They do not understand it. They give far-reaching consequences for the Bill. I can't believe the attachments to it.

MR. McEACHERN: Oh, get off it. This is a serious dissertation. Can't you get more serious than that?

MR. JOHNSTON: Well, there goes the Member for Edmonton-Kingsway again. Now, there's a guy who can compress the most words in the smallest idea of anybody I've ever seen.

Mr. Speaker, I move second reading of this Bill.

MR. McEACHERN: That's the kind of crap you get for a serious discussion.

#### Speaker's Ruling Parliamentary Language

MR. SPEAKER: Order please. Watch your language, member. [interjections] Order. No matter your intensity of feeling, you still don't swear in this place.

[Motion carried; Bill 35 read a second time]

#### Bill 37

#### Financial Administration Amendment Act, 1992

MR. SPEAKER: The Provincial Treasurer.

MR. SIGURDSON: Here we go. Here's the one that the Treasurer . . .

MR. SPEAKER: Order please. Could I hear from the Treasurer first?

MR. JOHNSTON: Well, Mr. Speaker, the Financial Administration Act amendment is brought forward to the Legislative Assembly every year as part of our open and complete discussion about the financial position of the government. Accordingly, this year is no different. This year we're bringing forward for public scrutiny legislation to ask for an increase in the borrowing powers of the government of Alberta to \$17,500,000,000. Now, that's the upper limit. Rather than hide from this debate and rather than suggest that there's some other agenda, we're putting this legislation up front.

As I've said in previous years, we could have come in in 1985-86, say, and simply said to the Legislative Assembly: we're going to take all borrowing limits off. We would have simply stripped away the limits. We would have had one battle. Obviously we could have done that. To put the right context on this, this serves two purposes. First of all, it does in fact serve as an adjudication as to the fiscal plan of the government and allows us from time to time to debate fully what it is we'll be doing with the borrowing, the debt of the province and, two, as I've said, puts the full possible exposure on the amount of borrowings of the government.

Mr. Speaker, over the past year the province of Alberta has experienced very difficult times. We know them well, going back to '85-86. We saw them again this past year. We know that to move out of the current particular fiscal position, starting in '86

with the oil price shock, followed by the gas price shock of '91-92, in fact we've had to use the considerable borrowing power of the government to ensure that we smooth out of the recession, ramp down some of our expenditure programs, and try to replace the revenues in other ways. We've done just that.

So it's important that Albertans know what's happened over the course of the period. They know, of course, that we have as good credit as any government in Canada, that we can borrow on the capital markets at a preferred rate. We still have more assets than any other government in Canada, and in fact we find ourselves fairly well balanced between assets and liabilities as of March 31, '92. But we must keep our eye on the debt amount; there's no doubt about it. It's our intention to bring forward a plan – and it's now in place – to balance the budget over the course of the years ahead. We've introduced spending limits which will limit our expenditures, and we've gone to the revenue sources over the past five or six years to also increase the revenue potential of this province. Now, that's what we've done, Mr. Speaker.

The reason we need a limit, of course, is that you cannot always forecast what's happening with respect to your revenues certainly. We saw that in '91-92; we saw the gas price shock, which drove 99 percent of our deficit last year. We have tried to work our way out of that. There's no question about it: forecasting is a difficult game when you're reliant on external forces which drive the oil and gas prices in your province. We know the exposure that's there. We know the external forces which, in fact, either work for us or work against us. Now, when they're working against you, you have to rely on the other savings account, the other economic strengths that you have. Fortunately, in Alberta's case we have a vast number of economic strengths which help us balance off the current difficulties which the government and the people of Alberta have experienced since 1986.

Now, Mr. Speaker, we have a debt limit which will move to \$17.5 billion. If you take the total amount of deficit which we forecast, about \$2.3 billion, then in fact you would probably have some additional flexibility in the current level between the 13 and a half billion dollars and the 17 and a half billion dollars, \$2.3 billion for the Capital Fund and General Revenue Fund, and you'll see that we still have some flexibility. But you must remember that we're now in the sixth or seventh year, and some of our maturities are starting to take place in the capital markets around the world. Some of the debt that we borrowed to see us through the period 1985, '86, '87 is maturing, as it did last year. So you have to have that flexibility. You have to have that release, Mr. Speaker, so that you can refinance that debt in a reducing interest rate market and replace it at an opportune time. That kind of flexibility is necessary.

9:40

Finally, Mr. Speaker, there's always the intrayear call on the resources of the government. From time to time we'll see that in November and December we have a higher cash flow requirement, and in fact that moves up our borrowing requirements considerably. So you may see a variability in any one year of up to \$1 billion to \$1.5 billion just on the cash flow basis alone. Given the size of our expenditures right now and given the size of the variability on a seasonal basis, that impacts on our cash flow.

So if you bring all these together, you can see that only the prudent fiscal managers would ask for this kind of flexibility, would openly discuss it with the people of Alberta, would underscore the need for us to deal with the size of our expenditure and our deficit clearly, as we have done and are continuing to do. That's one part of this legislation, and I'm sure that this issue and this message will be clear enough for the members of the

opposition to deal with. They will discuss it and put the worst possible spin on it that you can imagine. In fact, they know that they're exaggerating, to say the least.

Now, to talk about complexities in this Bill, Mr. Speaker, there are other complex issues. I'll be glad to provide more fully during Committee of Supply any additional information that's necessary, but in this piece of legislation we do have fairly interesting changes which allow us to deal with the intricacies of the futures market, the derivatives market if you like. Every year we have to look at the Financial Administration Act and change it to reflect contemporary circumstances, because what has changed and what we may be using in terms of financial instruments were not contemplated when this Act was written and certainly are being put in place at a very rapid rate. The derivatives market or futures market and options market are very complex, and we are attempting to keep this legislation as updated as possible to give us the power to protect portfolios or to manage liabilities with the most sophisticated instruments which are now available around the world. That, I must say, would be of interest to some people, I'm sure, but it's certainly one of the more complex parts of the legislation.

This legislation therefore falls roughly into those two parts: one dealing with the debt part, where we're up front and completely forward in our discussions with the people of Alberta on the debt limits and, secondly, the so-called adjustments to the legislation which flow from changes in the financial derivatives market in particular and which will allow us to be as contemporary in terms of our dealing in the management of assets and liabilities as any government in Canada. We have to have that flexibility inside the legislation to do that.

Accordingly, Mr. Speaker, I move second reading of Bill 37, the Financial Administration Amendment Act.

MR. SPEAKER: Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Speaker. Well, I give the Provincial Treasurer credit for one thing, and that's . . .

MR. FOX: Don't you dare. He'll never pay you back.

MR. HAWKESWORTH: Well, he needs a lot of credit these days, I guess, looking at the increase in the deficit that's he's asking us for.

I give him credit for one thing, Mr. Speaker, and that's being able to make that statement without breaking out in laughter. He did it with a straight face. He might have been shy. Certainly he's not shy; he should have embarrassed. I give him credit for that.

[Mr. Deputy Speaker in the Chair]

Here we have, Mr. Speaker – what is it? – the seventh consecutive year. I lose track of them after a while. The Provincial Treasurer has come in here like clockwork every year and said: oh, by the way, I need some more money. The province is going deeper in debt year after year after year. Now, this is a government that at the last provincial election asked for a mandate from the people of Alberta for good fiscal management. This was a government whose debt ceiling at the last provincial election was 7 and a half billion dollars. Every year this provincial Treasurer has walked into this place and asked for an increase: \$2 billion, \$2 billion, \$2 billion. Now this year it's breathtaking, a \$4 billion increase requested in the debt of the province. And he talks about debating fully what we're doing? He takes three or

five minutes at the most to explain a \$4 billion increase in the debt of this province. This is unbelievable; this is totally unbelievable and unconscionable.

You know, we got all this from him last year. He brought in a balanced budget, and then along with the balanced budget was a \$2 billion increase in the debt ceiling. Well, if you've got a balanced budget, Mr. Treasurer, why do you need to raise the debt ceiling by \$2 billion? "Oh, well, we have to refinance, and we've got cash flow requirements, but it's a balanced budget. Believe you me, we're not really going to go \$2 billion deeper in debt. It's just a cash management problem. It might last for a few days or a few weeks. We lock in our money here in preparation or anticipation for redeeming some money over here down the road. So don't you worry your little heart about it. It's all temporary. It's a balanced budget." Well, oops. If that was the real reason, Mr. Speaker, then why are we asking for more money? Why is this Provincial Treasurer asking to increase the debt ceiling if he didn't actually go out and borrow another \$2 billion? Was he misleading us last year when he said: oh, it's just a short-term cash flow problem that I've got. Short-term? Cash flow? It's long term, and it's permanent, and it's \$2 billion deeper in debt.

Now the story's changed a little bit. A year ago we weren't hearing anything about the 1991 gas price shock. Oh, no. Our Provincial Treasurer said: no, those estimates are the best you can find; we stand behind them; those revenue estimates are just hunky-dory. This year he's saying: oh, you know how hard it is to do proper forecasting. I don't know how hard it is, Mr. Speaker. I told him a year ago that his forecasts were wildly optimistic. Anybody could have seen that a year ago. Even your humble servant right here from Calgary-Mountain View could have told you all that. In fact, I did last year. I told him that his forecasts were wildly optimistic, but he wouldn't accept my word for it last year, so he won't accept my word for it this year, I'm sure.

Now he talks about a balance between our assets and our liabilities. Oh, you notice the caveat: March 31, 1992. Well, Mr. Speaker, I can say with some assurance that somewhere about a year ago our liabilities exceeded our assets in this province for the first time in I don't know how many decades. This province, under the stewardship of this Provincial Treasurer, became a net debtor province. For him to just glibly talk about balanced assets and liabilities - when he inherited his portfolio, this province had something like a \$15 billion surplus in its assets. This has all been frittered away. It's disappeared. It's gone. It's finished. It's over with. It now puts us in the position of a debtor province, all because the Provincial Treasurer claims that forecasting is hard to do. I should think that after seven or eight years he'd finally learn how to do it right. But he hasn't, and all we've got from this Provincial Treasurer is another \$4 billion bill.

Now, what this symbolizes, Mr. Speaker, is that last year not only was he wrong on his revenue forecast, but he said to us that the short-term problem was going to be nothing more than a short-term problem. What he's admitting to us tonight is that all of a sudden that money just happened to be needed and the province's debt ceiling has to be adjusted in order to deal with this year's problems. Well, Mr. Speaker, this I find just so incredible: that in one year the Provincial Treasurer can give us a whole bunch of lame excuses, they all prove to be nothing more than lame, sorry excuses for a fiscal strategy, and he comes back the following year and does exactly the same thing.

9:50

What's going on in the Conservative caucus in this Legislature? We go through the entire budget process from the night of the

Provincial Treasurer's budget speech. He tables all these documents. He says that the budget's going to be this, that the deficit's going to be that, that it's going to be a balanced budget, that it's going to be a deficit, that it's going to be whatever he says it is. At the end of the process he comes in with a Bill raising the debt of the province which bears no relationship whatsoever to the budget process that we've just spent eight weeks on. Is that crass political manipulation? Is it leading the Conservative caucus along by the nose, you know, that they vote for this every year? He does it every year because his caucus colleagues let him get away with it? Is this why this government still hasn't got a grip on the fiscal problems of this province? At one point I thought that this whole business of political life was intended to show some responsibility, to conduct the affairs of the province with some honesty, but what I see here, Mr. Speaker, is nothing more than an exercise in public relations on budget night and a manipulation of the public agenda to sneak through the real fiscal plan in the hopes that nobody will see what's going on and they can get away with it.

[Mr. Speaker in the Chair]

Now, the Provincial Treasurer said that the opposition is going to put the worst possible spin on Bill 37, the Financial Administration Amendment Act, 1992. We don't have to put any spin on it at all, Mr. Speaker. The problem is that the Provincial Treasurer has been valiantly trying to put a spin on all of this, and it hasn't been working. All the opposition has to point out is that year after year after year fiscal reality crashes in on the best constructed house of cards the Provincial Treasurer can put together. All it adds up to year after year after year is mounting debt. Higher payments each and every year out of our budget are being dedicated to debt repayment, and all that seems of concern to the Provincial Treasurer and his caucus colleagues on the government side is that it's just nothing more than a PR exercise: "We won't worry about it if we can get it through without the media taking notice. If we can sit through all the opposition speeches on it, somehow it's all going to be okay."

Well, that in my view is just leading this province to disaster. It's just leading this province to disaster.

MRS. MIROSH: You said that once.

MR. HAWKESWORTH: It's just leading this province to disaster, Mr. Speaker.

It's like watching the shareholders of a company watching the senior officers plunder and pillage the assets out of that company, and you have to sit back until the annual meeting, with one exception, Mr. Speaker: the shareholders have more rights in a private-sector company than the public does in the province of Alberta. At least they can resort to the courts and injunctions and can take legal action to prevent management from plundering a company, but in this province we just have to sit by, watch the government destroy the assets that have been built up over the years, just helplessly watch them frittered away until the next election.

You know, it's just a recipe for disaster. I can't understand a government that ran on a platform at the last election of fiscal accountability, fiscal responsibility, and fiscal management raising the debt of the province in the course of the last three years by \$10 billion, and the only explanation we get from the Provincial Treasurer is: well, you know, a good forecast these days is hard to find. For him to come in tonight asking for a 33 percent increase in the debt of this province, spend 5 minutes and palm it

off as nothing more than business as usual is an insult to the people of this province. Virtually a 33 percent increase in the debt of this province in one year: that's what a \$4 billion increase represents. And this Assembly is just simply going to sit back and the government members are going to say: "We're quite happy with that. We're quite happy to put up with a Provincial Treasurer who can't properly make forecasts. We're quite happy to sit back with a Premier who promises a balanced budget and has never been able to deliver on that promise or any other." Are people prepared to just sit here and accept that, or are they actually going to ask this Provincial Treasurer to get real, get in focus, bring this picture into focus and deal with this problem?

I'm not saying that I think the solutions to this problem are easy ones, but I do know that this government thinks that they're in the last year before an election, so all they're going to do is postpone any difficult decision until after the next election. All they're doing is creating a major mess for the next government to clean up. I find that appalling, Mr. Speaker, as well as all the other reasons I've given this evening. You know, all this government is doing is drifting. There's no leadership. There's no management. There's no accountability. There's no relationship between this Bill and any commitments that might have been made in the last election.

There's a cynical public relations exercise contained in another Bill that we'll probably get to tonight, the Spending Control Act. It's hilarious that given this context we're in, this provincial government would pretend that they're coming anywhere close to a Spending Control Act.

This, Mr. Speaker, is Bill 37. We don't have to put the worst possible spin on it; it speaks for itself. This is a government that is letting its debt spiral out of control and does not have the honesty to come into this Assembly and explain their reasons properly or to give justification as to why it happened in every other year before this and what makes this year any different from the past. You know, we've had this debate year after year, a number of years in a row. We thought it was mind-boggling when they asked for a \$2 billion increase in the province's debt. This one eclipses that by a hundred percent, asking for a \$4 billion increase in the deficit, the debt of the province, and we get no further explanation from the Provincial Treasurer than the lame excuse we got tonight. It's some mantra that he recites every year: if I say these words, this argument and the other, it will all go through hunky-dory with no problem. Each and every year when the same issue comes up, he recites the same mantra.

**10:00**

The problem, Mr. Speaker, is that it's creating a serious problem, a disaster for the future, and if it's deliberate, it's a terrible injustice he's inflicting on the people of this province. If it's not deliberate, if it's accidental, it's sheer incompetence. It's simply a political con job. The only ones being fooled are this government if they feel they can simply ride through this crisis into the next year and somehow in the future everything will be all right.

Mr. Speaker, if it's a cynical attempt to simply drive up the debt of the province so steeply, so quickly, and create the crisis — you know, it may be that the Provincial Treasurer and the government want this crisis. Maybe they want to drive us deep into debt. It will be an excuse to dismantle medicare. It will be an excuse to cut back on all our social programs. It will be a good reason to cut back on education and advanced education. That's what the federal Tories are doing. Maybe that's why the Provincial Treasurer doesn't want to deal with the issue: it's a cynical attempt to create such a fiscal crisis that the government

will be forced to dismantle cherished social programs that have been built up over the years. Maybe that's what this Provincial Treasurer has in mind. Certainly the pattern fits. All the actions would fit with that scenario, Mr. Speaker.

The other scenario might be incompetence. Maybe the Provincial Treasurer was right. Maybe he doesn't know how to rein in the operations of government. Maybe this government has lost all control over its budget: you know, \$600 million and rising, the price for NovAtel; a hundred and some million dollars for the Pocklington loans; a hundred and twenty-some million dollars for MagCan. It doesn't take very long, Mr. Speaker, and you've added up well over a billion dollars, totally outside of anything called fiscal accountability. They just happened to be deals that were signed: no control, no fiscal management. The Premier wanted diversification. Okay, we'll give him diversification, boys. Come on in. The money is free. Just sign on the dotted line and take it out the other door. Maybe that's the kind of fiscal management we've got in this province with this government. Maybe incompetence is the right explanation for the way this Provincial Treasurer and his colleagues in cabinet run the finances of the province.

Whatever it is, Mr. Speaker, incompetence or a cynical attempt to destroy the responsibilities and the social programs that have benefited all Albertans, in either case this Bill spells disaster. I know the Provincial Treasurer made some opening comments about how the province has a lot of room in its fiscal management envelope in terms of handling its debt and its deficit. Something like 10 percent or so of the province's annual expenditures now go to meet debt payments. Now, there are a lot of provinces in this country who would like to be in Alberta's position. My point, Mr. Speaker, is this: it was not too many years ago when nothing in our budget was going toward debt payments. It's now 10 percent in a matter of at the most four or five short years.

It's not the amount that concerns me but the rate of growth in this budget item, the money being spent on debt repayment. With another \$4 billion into the kitty, Mr. Speaker, even if the Provincial Treasurer were to get good rates on that, that's an increase, I suspect, of close to half a billion dollars at the most favourable and is likely to increase our spending next year simply to make the payments on the debt somewhere in the neighbourhood of \$300 million to \$400 million, which puts the lie to the idea that this government has some control over spending. This is the one category of the budget that they should have control over, and it's the one they seem to have abandoned totally.

Now, why this huge jump this year? We haven't gotten very much detail from the Provincial Treasurer, but we do know that at some point they're going to have to pay the price for all these business deals that have gone bad. We know that at some point the cost of all this free money is going to come home to roost. All the money that ended up in the rural United States for telephone companies: somebody's going to have to pay the tab for that. All the money that went out of NovAtel to pay their operating losses and all the money that went out to buy that company back from the Telus shareholders: at some point that money has to be paid for. That's what's driving up the cost of this government. Those are the kinds of deals that are driving up the debt of the province. Intra-year requirements on a seasonal basis, the Provincial Treasurer said. He needs this money for some intrayear requirements. Does that mean that on December 31 they have to book a lot of year-end losses, they have to pay the bills for all these loans that have gone bad? Is that what he means, and so this money has to be in place? Maybe that is what he meant. That certainly wasn't the impression he was trying to leave.

So we've got a major problem in this province, Mr. Speaker, and Bill 37 is symptomatic of the worst this government has to offer to the people of this province. No fiscal plan, no leadership. Nothing but bland statements, offhand cavalier comments. No sense of responsibility for what's gone on in the past. No sense of duty that an explanation is owed to the Assembly or the people of Alberta for what went awry last year. All we have is a repetition of what's gone on before without any changes. No new explanations, no further details, no further accountability for approvals that have been given to the Provincial Treasurer in the past: none of that. If nothing else, surely we could have expected from the Provincial Treasurer at least some explanation why his explanations last year went so badly wrong. We haven't gotten a thing out of him from last year. He said in his comments that he was going to debate fully what he was doing. Then he spent just a few minutes making superficial comments about blaming everybody else, blaming the oil price shock of 1986, blaming the gas price shock of 1991, blaming his forecast, blaming the economy, blaming everybody else but his decision-making. Everybody else has to carry the can for the rapid increase in the province's debt, everybody except the Provincial Treasurer. Quite frankly, that's not acceptable.

#### 10:10

After he gave us these very same reasons a year ago, the least he could have done was spend some time talking about what happened in last year's budget. The least he owes us, Mr. Speaker, is an explanation of why his reasons last year were so badly out of whack. You know, he asked for \$2 billion last year. He spent it all when he assured us he wouldn't, when he assured us it wasn't needed. When he assured us that we had a balanced budget and the debt would not increase by \$2 billion, lo and behold, we find this year that in fact the ceiling was reached and he now needs some more money. The least he could give us would be an accounting. The least he could give us would be an explanation. The least he could give us would be some answers. The least he could give us would be some credit for accurately predicting last year what was going to occur.

Mr. Speaker, Bill 37 is part of a bevy of Bills the Provincial Treasurer is loading the Order Paper with as part of bringing to a conclusion the budget for 1992-93. Bill 37, as in other financial administration amendment Acts in previous years, bears no relationship to what's gone before. But in its essence, in its core, it tells the whole story. In its core the fiscal realities of the province intrude and cannot be ignored. In raising the debt ceiling this year, the Provincial Treasurer is admitting what the real budget implications are for this year.

MR. SPEAKER: Edmonton-Meadowlark.

MR. MITCHELL: Thank you, Mr. Speaker. I see there are two general issues with this Bill that are of concern. One is the question of increasing the debt ceiling by \$4 billion this year, of course, and the second is changes to requirements on behalf of the Treasurer for reporting details of the debt instruments he is utilizing to raise money.

First, with respect to the debt. Much has been said about the increasing debt of this province. I would be interested, of course, in reiterating that at any chance I get, but tonight it's getting late and I won't reiterate a great deal of it. The fact is that this Treasurer has presided over seven consecutive deficit budgets. He has promised four more at a minimum if you accept his assumptions, and who would? His assumptions are very, very optimistic. So the deficits he has projected will likely be higher than he has

projected and would likely go on longer were he to remain Treasurer. This Treasurer has never delivered a balanced budget to this province. In fact, over the course of his administration we have seen the debt rise from about \$125 million, I think, to something in the order of \$25 billion if you accept Moody's, \$17 billion if you accept even a more conservative view, and \$14 billion or \$15 billion if you accept the Treasurer's own figures.

Something that hasn't been discussed in this Legislature before is the relationship between the increase in the debt ceiling established by the government and the annual deficit for each given year. So the question is: if the Treasurer is raising the debt ceiling this year by \$4 billion, as he is doing, what is the relationship between that increase and the ultimate deficit we could expect in that given year? If we go back over the course of this Treasurer's regime, we will see that from 1986 to last year, 1991-92, in every case but one the debt ceiling increase has been less than or equal to the ultimate annual deficit recorded by this Treasurer. In one case, yes, it was slightly less, but only about 10 percent less. In 1986-87 the Treasurer asked for an increase in the debt ceiling of \$3 billion. Do you know what his annual deficit was, Mr. Speaker? It ended up being \$4 billion. In 1987-88 the Treasurer said the increase in the debt ceiling would be \$1 billion; his deficit was \$1.4 billion larger. In 1988-89 a \$1 billion increase, ultimately a \$2 billion deficit: twice the debt ceiling increase. In '90 it was \$2 billion, which became \$2.1 billion in deficit. The increase in the ceiling for 1991 was \$2 billion; it was a \$1.8 billion deficit. In '92 it was a \$2 billion increase with a \$2 billion deficit, and . . .

DR. WEST: Mr. Speaker.

MR. SPEAKER: Is this a point of order?

DR. WEST: It's interruption of debate under 482 of *Beauchesne*. Would the member entertain a question?

MR. SPEAKER: Edmonton-Meadowlark.

MR. MITCHELL: Sure.

MR. SPEAKER: The response is yes.  
Solicitor General.

DR. WEST: Mr. Speaker, to the hon. member. Given that I have heard him state in this House that health care, education, and senior programs are a priority, that included with those debt servicing equals 80 percent of our budget, and that we still have a deficit of \$2.3 billion, could he indicate which 16 departments he would like eliminated completely in order to balance the budget?

MR. MITCHELL: Mr. Speaker, a couple of things. One is that I think it's quite an admission that the Solicitor General would actually want to ask a question, inferring that he doesn't have the answer to that question. And of course he doesn't, because it's very clear. We have stated many times in this Legislature what our plan is. In fact, I can send him a document that outlines a series of measures, quite a lengthy series of measures. If he were less smart in his attitude here tonight and more aggressive with his Treasurer – perhaps behind closed doors we don't know what he says – maybe they would start to implement some of the measures we have suggested that would in fact make a difference. The Auditor General's efficiency audit powers would be one very effective one. Selling the Heritage Savings Trust Fund and paying

off the debt would be another one. Pay-as-you-go capital expenditure would be another one. Instead of taking the \$2 billion in capital . . . [interjections] Do you want me to answer the question?

MR. SPEAKER: Order.

MR. MITCHELL: Instead of taking the \$2 billion in capital expenditures last year, which we borrowed entirely because we had a \$2 billion deficit, we would begin to phase that in with pay as you go. Priorizing for public review capital expenditures: we would list, starting at the top, perhaps some very needy capital projects, down to something that wouldn't be as needy, perhaps another curling rink in Stettler, for example. We'd say to Albertans: "This is what the priorities are. Help us make these decisions. Have a look, and you can see that we don't have that much money. We only have this much money, and this is where we're going to cut the line so we could assist politicians like these politicians in saying no." Let's start talking about renegotiating the lease with Olympia & York, where we took 400,000 square feet at about \$18 to \$21 a square foot – the ex-public works minister would never tell us – when we could get leasehold down here in the government area for little more than covering the operating costs. Let's talk about the cost-plus agreement we have with Chem-Security Ltd. to run the Swan Hills waste management plant.

Mr. Speaker, I could go on with a lot of ideas about this. Clearly these guys don't want to listen. The fact is that there is a long list. We can send you lengthy records of this in *Hansard*, and I'm sure it would behoove the Solicitor General to read that and maybe talk to the Treasurer about it.

What he has said in that question, which is very disconcerting, is that he has literally admitted this government doesn't have the ideas, they don't have a way to cut down, and they are throwing up their hands and saying, "What can we do?" Well, I think the electorate will answer that question very dramatically in the next election, and this Solicitor General, if he is lucky enough to be re-elected, will have lots of time to ask Liberal cabinet ministers questions for which he will get lengthy responses.

10:20

My point, Mr. Speaker, not to have been interrupted, is that there is a very, very interesting relationship between increases in the debt ceiling requested by the Treasurer and the deficit ultimately registered by that Treasurer. In five of the last six years the debt ceiling increase has been less than or equal to the actual annual deficit. That is to say, the annual deficit four out of six years has been larger than the debt ceiling increase, one year equal to the debt ceiling increase, and one year just slightly less, about 80 percent of the debt ceiling increase. Well, that raises a very interesting question, because in this Bill . . .

MR. SPEAKER: Order please. Are we having two separate caucus meetings here? If so, out the back.

Edmonton-Meadowlark.

MR. MITCHELL: Thank you, Mr. Speaker. In this Bill, in fact, the Treasurer is asking for \$4 billion as an increase in the debt ceiling, and he has estimated a \$2.3 billion deficit. Well, his record denies that that is possible, and in fact his record would indicate that it is very, very likely that \$4 billion in debt ceiling will translate into a deficit of at least \$4 billion and maybe even more. When you begin to try to reconcile the Treasurer's explanation of why he needs a \$4 billion increase, it makes very

little sense. He says the government requires the debt flexibility to cover a \$2.3 billion deficit, but of course it's not a \$2.3 billion deficit. If you add in Capital Fund, which you have to, it's a \$2.6 billion deficit for '92-93. And to refinance the \$2 billion in 1985-86 debts coming due this fall: if you add \$2 billion to even his figure of \$2.3, you get \$4.3 billion. So his debt ceiling wouldn't be enough to cover that.

In addition to that, he says the province also needs room to accommodate the major swings in demand for money the Treasurer experiences during the year. Well, either this adds to \$4 billion and he needs the \$4 billion or it adds to more than \$4 billion and therefore he needs more than \$4 billion somehow. Mr. Speaker, it simply doesn't add. The Treasurer stood up with a variety of glib explanations for why he needs \$4 billion. Using his own figures, his own explanation, it doesn't add to \$4 billion; it adds to more than that. Using his track record, you see that a \$4 billion debt ceiling will translate to far more than a \$2.5 billion or \$2.3 billion or \$2.6 billion deficit. It would be very interesting to see and nice to know, nice to have the Treasurer comment this evening on what the relationship is between the \$4 billion debt ceiling increase and his projection of a \$2.3 billion deficit, a relationship he has never been able to achieve in the previous six years of his reign as Treasurer.

The second issue is the effect this Bill has on reporting requirements for the Treasurer. Currently section 62(2) lists 13 different pieces of information that the Treasurer must specify

in relation to money to be raised by the issue and sale of a class or classes of Government securities other than treasury bills or notes.

This information that's required, for example, is the gross amount of securities, the time within which the money may be raised, the maturity dates of the securities, the currency, whether or not the securities are to be sold at a discount, the premium to be paid on redemption of the securities, whether a sinking fund is to be established.

Mr. Speaker, the Financial Administration Act as it currently reads requires a great deal of information to be specified in an order in council when the Treasurer goes to the money markets to raise money. Section 66 goes on to specify another range of information. In fact, it's another range of almost 16 different items of information, I think, at the minimum, maybe even 18, that the Treasurer may specify "in relation to money to be raised by the issue and sale of a class or classes of" – that is to say, in the determination of the amount and the manner in which the money is to be raised. What this Act does is replace section 62(2) and its 13 specified items of information with one three-line clause:

An order under section 61(1) may include any terms or conditions required by the Lieutenant Governor in Council.

That is to say, by cabinet. It may include any terms or conditions required by cabinet.

So we go from 13 required pieces of information to whatever it is that cabinet and the Treasurer decide they would like to provide. That's very interesting in the context of a government that has said they're going to bring in freedom of information legislation. So on one hand they say they're going to do that, although we haven't seen it; on the other hand, they're beginning to plug up the possibilities of information provision.

Section 66, Mr. Speaker, goes from 16 or 18 specified items of information that would be specified in an order in council to a four-line clause which says:

Subject to sections 61, 62 and 65, the Provincial Treasurer may determine the amount of money to be raised and the manner in which the money is to be raised on behalf of the Crown.

So he may determine whatever he wants to determine, and he needs to report absolutely nothing. This is not inconsistent with other changes to other legislation.



We can see a pattern, Mr. Speaker, of cynical political moves to reduce information, to shore up the Treasurer's strength somehow. As astonishing as a \$4 billion increase in the debt ceiling is, perhaps every bit as insidious and even more insidious in its subtlety are the changes to sections 62(2) and 66, which will seriously limit the amount of information the Treasurer will be required to provide Albertans on his ever increasing amount of debt.

Mr. Speaker, as I listened to the Treasurer earlier this evening, it is almost as though the last people he is trying to convince are his own backbenchers, because somehow he needs their support to ever be able to bring this kind of legislation and his kind of budget to this Legislature. I believe it is wise for him to pay attention to convincing his own back bench because I expect there is hardly anybody else in this province that believes anything he says. Now, unfortunately, we are going to have even less information on the debt this Treasurer will float, less information provided to us so we will be able to evaluate what it is that the Treasurer is saying.

MR. McEACHERN: Mr. Speaker, the former speaker rightly pointed out that there are two aspects to this Bill, the one about the dollars and the other one about the Treasurer's powers. I intend tonight to deal mainly with the dollars.

There are so many ways of looking at what's happening with the dollars and the Treasurer is so good at doing a snow job that it's taken us six or seven years to totally discredit his believability in this province. Now nobody believes him, and I guess I want to put the final touches on discrediting his mathematics and his excuses for what he's doing. He starts out with the usual kind of Tory talk that they've got the best credit rating in the country. He knows darn well it's not true, that B.C. has an AA1 credit rating and Alberta has an AA2 credit rating. The B.C. government is a New Democrat government, I might say, by the way.

10:30

The Treasurer's Bill, the part that I want to deal with tonight, talks about increasing the borrowing power of the province from 13 and a half billion dollars to 17 and a half billion dollars. When the Treasurer is asked, "Why do you need a \$4 billion increase in borrowing power when you said that your deficit for the year is only going to be \$2.3 billion?" he says, "Well, I need a little flexibility." Well, Mr. Speaker, as the Member for Edmonton-Meadowlark pointed out, he's needed a little flexibility in his borrowing power every year for a number of years, but he always seems to use it. I'll just use last year as an example. He said when he raised the borrowing power from 11 and a half billion dollars to 13 and a half billion dollars – on a balanced budget; he said he had a balanced budget. Then he says: "Now I want \$2 billion more in borrowing power. Oh, well, I need a little flexibility and some rollover money" and all this kind of stuff. We pointed out to him that he would probably need it all. Of course, he sort of admitted that this spring when he brought in this year's budget and said: "Oh, oops, I was wrong." We don't have balanced budget; we have a \$1.6 billion deficit on the budget side alone. Actually that figure will be \$2 billion by the time the Auditor General is done with it, and the consolidated figure will be 2 and a half billion dollars without much doubt.

I want to come to why I think the Treasurer will not have any margin whatsoever on his 17 and a half billion dollar borrowing power. I'm going to come at that figure in a number of different ways. I will just say that these figures do not include any pension fund figures because the Auditor General has not been allowed by the Treasurer to include pension fund liabilities in the consolidated

statement of the province. However, the Auditor General has included a lot of things in the consolidated statement of the province, including the heritage trust fund and Capital Fund expenditures, and losses like NovAtel and MagCan and all those other things, all the loan guarantee problems. All those things are included in the consolidated statement of the Auditor General, and those are the only real figures that matter. The Treasurer's budget figures are almost irrelevant, quite frankly, because it's only about 80 percent of the expenditures of the province. I'll get back to that point later.

I want to come back to several different ways of arriving at the fact that our deficit on the general revenue side will be some \$17 billion at the end of this fiscal year and that the Treasurer will need all of his 17 and a half billion dollar borrowing power.

[Mr. Jonson in the Chair]

I want to come at it first by looking at the debts incurred since the Getty-Johnston team took over the books of this province. In the year 1985-86 there was a \$41 million surplus. I just sort of used that as a nice year to start counting and then what's happened since this government took over – everything from there is easy to add up. Some of the numbers were already given by the Member for Edmonton-Meadowlark, but I'm going to put them together slightly differently, so I'll just run through them fairly quickly.

The consolidated deficit – and by the way these numbers are the ones that were put out year by year before the Auditor General and the Treasurer made their accounting change this year. They've now suggested we've got to go back and do them all over again and adjust these numbers. Totals should be pretty much the same; if anything, more now in the new way of doing it, because some of the expenditures which were being postponed to the future are now going to be dumped back into the past and would make these numbers even bigger. I may do that for another time, but I haven't done that yet because I don't really agree with that accounting change carried that far.

In 1986-87 the deficit was \$4.05 billion on a consolidated basis. The next year it was \$1.39 billion, the next year \$2.02 billion, the next year \$2.12 billion – that was the year that the Lottery Fund seemed to find \$250 million that the Treasurer could confiscate – and in 1990-91, the last year for which we have hard numbers, it was \$1.83 billion. Now, Mr. Speaker, that adds up to an \$11.41 billion debt at that point, accumulated over those years. Now, last year the deficit's going to be, on a consolidated basis, \$2.3 billion, and this year, any way you look at it, it's got to be at least \$3 billion. That \$5.5 billion added to the \$11.41 billion gives a \$16.9 billion deficit. The Treasurer's 17 and a half billion dollar borrowing power is going to pretty well all be needed, depending if he can hold the deficit this year to \$3 billion.

I'll point out why it has to be at least \$3 billion. He talks about \$2.3 billion on his budget side. That doesn't include \$252 million on the capital expenditures, for which there are no offsetting revenues; \$102 million on the heritage trust fund side, for which there are no offsetting revenues. It includes \$300 million that he's transferring into the budget side from the Alberta Municipal Financing Corporation. Oh, and don't forget the \$25 million that he's bringing in from the Lottery Fund. Now, those things the Auditor General already counts in his consolidated figures, so if the Treasurer is going to take them out of there and put them in his budget and claim they're revenues and therefore shrinking his deficit to \$2.3 billion . . . If you're looking at the consolidated picture, you've got to put them back in, because they've already

been counted by the Auditor General when he does his consolidated figures, so at least \$3 billion this year.

Now, the Treasurer said that he needs \$4 billion. Why the extra billion? Well, he says it's for a little cushion. Let me just take you back to what happened to the cushion last year. The Treasurer said he had a balanced budget, yet he wanted \$2 billion borrowing power extra. In fact, over last year he borrowed \$3 billion and used up any margin he had from the year before. He doesn't have any margin now, so he thinks he needs to build in another margin. In fact, what he may be really saying is that's he's going to spend \$4 billion too.

Now, the Treasurer isn't too good about telling us that he doesn't have any margin from last year. If you look back at the books from last year, you get some interesting numbers – the Treasurer doesn't really like to own up – another way of arriving at the fact that the Treasurer is going to need all his 17 and half billion dollar borrowing power. If you look at the General Revenue Fund and Capital Fund, the unmatured debt shown on page 39 of the Treasurer's budget, you'll see that he's claiming that at March 31, 1992, just a few months ago, the unmatured debt was only \$12.1 billion. Now, if that were true, then he would have a margin of some \$1.4 billion, because he had borrowing power up to March 31 of 1992 of \$13.5 billion. Clearly, he can't have had a margin of \$1.4 billion then and still need a margin now. If you look at the figures of the deficits he's had over the years and the way it's added up, the numbers I ran through a few minutes ago, the \$12.1 billion figure is not a believable figure. The debt borrowing at March 31, 1992, must be between \$13 billion and \$14 billion dollars. I don't know why the Treasurer hasn't indicated that. It is a forecast figure; it's not a hard figure. He's not claiming that it's an Auditor General approved number. It would seem to me that what he's really admitting to is that the \$12.1 billion is not really the whole story.

Now, I understand that there's probably some lag time between when you go out and borrow money on the market and when you have to make your first year's payments. There's not much doubt that back in 1985-86 to '86-87, when we had that first big \$4 billion deficit, there was some fat and some money in the system that could have slowed down the rate at which we needed to borrow. For example, that first year of borrowing, the Bill the government passed was only to borrow 2 and a half billion dollars, even though the deficit that year was \$4 billion. Now, they caught up a bit the next year and raised it from 2 and a half billion dollars to 5 and a half billion dollars; nonetheless, there was some fat in the system then. By now that's not true. What we really have, then, is the Treasurer trying to pass off a \$12.1 billion deficit position at March 31, 1992, when in fact a more realistic assessment would be at least over \$13 billion and maybe as much as \$14 billion. When you add to those figures the 2 and a half billion dollars from the deficit last year and there's going to be a \$3 billion deficit this year, it puts you right up in the neighbourhood of 17 and a half billion dollars.

#### 10:40

There's yet another way to get at the deficit picture, Mr. Speaker. There are about four of them, so bear with me. I'm now on the third one.

If the assembled members of this Assembly would like to look at the public accounts – the last year we have is '90-91 – at page 1.4 of the consolidated balance sheet, you will see the balance that the Auditor indicates there for March 31, 1991. Now, if you look back a little further to when this government took over, to 1985-86, and look at the balance sheet then, it was \$12.6 billion. Okay? The Auditor General said that we had \$12.6 billion in net

assets. Now, he's counting the heritage trust fund and all the debts of the province and throwing it all into one big consolidated statement, and we had a \$12.6 billion asset at that time.

Now, at March 31, 1991, how much was it? This was the last year for which we had public accounts. It was \$464 million: less than half a billion dollars. If you subtract that figure from the \$12.6 billion, you get \$12.1 billion. So we spent \$12.1 billion in that period. We've now had last year's budget of 2 and a half billion dollar deficit. We're into this year, which is at least a \$3 billion deficit. There's a 5 and a half billion dollars deficit; add it on to a position of half billion dollars net assets, right? So we will be \$5 billion in the hole at the end of this fiscal year, having started from a \$12.6 billion position five or six years ago.

That's over \$17 billion, and that's why the Treasurer is going to need every cent he's asking for in this \$17 and a half billion borrowing power. He's not allowing himself some flexibility. He's in fact admitting to a disaster, that he's been totally unable to handle the fiscal arrangements of this province to look after itself.

There is one other way to arrive at it, and that's to look at the borrowing power of the province and where it came from. The Member for Edmonton-Meadowlark started this line of reasoning a while ago, so I'll pass over fairly quickly. The year we had the \$4 billion deficit, 1986-87, the government put the borrowing power at 2 and a half billion dollars, as I said, probably because there was a little fat in the system. The next year they raised that borrowing power to 5 and a half billion dollars; in other words, a \$3 billion increase even though the deficit incurred that year was \$1.4 billion. What it was was some catch-up from the year before; some of that \$4 billion did not get spent until the second year. Some time lag in it, I guess, but \$1.4 billion and \$4 billion is \$5.4 billion, and so the 5 and a half billion dollar borrowing power barely covered the needed borrowing at that time. Every year for the next several years they increased the borrowing power by \$2 billion, from 5 and a half billion dollars to 7 and a half billion dollars to 9 and a half billion dollars to 11 and a half billion dollars and even last year on a balanced budget, they increased it from 11 and a half billion dollars to 13 and a half billion dollars. Now, they increase it \$4 billion more to 17 and a half billion dollars. Every year they've needed the money, so you can only assume they're going to need it again. So for the Treasurer to try to pass off to us that this 17 and a half billion dollars really isn't necessary, that he's really got a \$2.3 billion deficit for this year is sheer nonsense.

What it amounts to is that the Treasurer is not leveling with the people of Alberta. He needs in his budget book to put some kind of analysis on the consolidated deficit for the year and to be up front with the people of Alberta. He ignores, as we just said, the heritage fund and the Capital Fund expenditures, and he keeps taking money from parts of the budget like the heritage trust fund and Alberta Municipal Financing Corporation – that's under the heritage trust fund – and the Lottery Fund and things like that and making his own budget part look better so he can go around and brag to the people that he had a balanced budget last year, that he only had a \$2.3 billion deficit this year.

Then when you look at the other things, you see it's more straightforward. Over and above and beyond that – and this gets at something else the Treasurer says – this Treasurer in spite of putting forward that disastrous picture of deficit after deficit after deficit, all the time telling us he had a fiscal plan that was going to balance the books, then has the gall to bring in the other day a Bill saying that he's going to limit government spending and that this government has such a wonderful record of keeping control of expenditures. Mr. Speaker, I've just shown you that there are

already a lot of things that he doesn't include in his budget. Well, there is more, would you believe, much more than what I've just said. As a matter of fact, there's a whole list of things that the Auditor General includes in the consolidated statement – some of which have some offsetting revenues but not enough to offset them all – that the Treasurer never mentions. I will run through some of them.

There are the heritage trust fund expenditures – we did mention that already – and the Capital Fund expenditures. We mentioned that, okay. There's the Alberta Municipal Financing Corporation, some \$530 million. These figures are for the last year for which we have public accounts, and I got them from the Auditor General's office. These are numbers that add to the expenditures that are taken by this government but are not included in the government's budget book. Okay? So there's \$530 million that comes out of the Alberta Municipal Financing Corporation. Health care: there's \$500 million that comes out of some of the premium payments. Utilities: there's another \$150 million. In the school foundation fund there's \$175 million. In lotteries there's \$100 million. In hail and crop insurance there's \$100 million. In the farm credit stability program there's \$75 million in just administrative costs to the banks, that my friend from Vegreville likes to tell everybody about. From the medical research foundation of the heritage trust fund there's \$30 million. The small business term assistance plan, \$22 million. That adds up to \$2.1 billion that the Treasurer doesn't include in his budget book, and every year there's a similar kind of amount.

In fact, I looked at it year by year and did a few figures on that. I did miss one year here; I didn't get to finish this little exercise. If you compare the Treasurer's budget figure to the consolidated figure for expenditures – now, remember I did say there are some offsetting revenues for some of those figures – the Treasurer's revenue estimates are also around a billion and a half dollars less than the revenues. For instance, the premiums for health care: some money comes in and some money goes out of that particular system, and it changes the numbers in total, right? Nonetheless, the extra revenues that the Auditor General has to count, over and above what the Treasurer says, is usually about a billion and a half dollars, whereas the expenditures are always \$2 billion or more. Let me give you some examples. In 1990-91, the last year for which we have hard figures, the Auditor General's consolidated expenditure figure is \$15.2 billion. The Treasurer's was \$13 billion, a \$2.2 billion difference. In the year before, '89-90, the consolidated expenditures were \$14.2 billion to the Treasurer's \$12 billion, a \$2.2 billion difference. The year before that I don't have, but the one before that I do: \$12.7 billion expenditures on the consolidated side, \$10.4 billion on the budget side – a \$2.3 billion difference unaccounted for by the Treasurer. In the year '85-86 the difference was \$2.5 billion.

So what we have here is a Treasurer that has purposely found ways to hide the expenditures of the government and shove them aside from his budget and then give us some figures for the budget expenditures and say, "Look how tight we're managing our program spending," and has the gall to bring in this Bill that says that he can keep the expenditures of the province to 2 and a half percent this year, 2 and a quarter percent next year, and 2 percent the year after, when in fact a large part of his budget – well, 17 or 18 percent of his budget – is not accounted for by his budget. Yet he has the gall to say that he's got control of his expenditures. If you look at the Auditor General's consolidated figures – and I've said this in the House a number of times, and the Treasurer loves to get up and say, "Well, you don't know what you're talking about," but he never refutes any of the exact numbers because I always take them straight from the Auditor General's books.

**10:50**

The Auditor General puts the expenditures for 1990-91 at \$15.2 billion, the year before at \$14.2 billion, and the year before that at \$13.2 billion on a consolidated basis for each of those years. Now, that's an increase of a billion dollars each year, and that's around 7 and a half percent in the first of those two years and 7 percent in the second. So we got about a 15 percent increase in the consolidated expenditures of this province in the last two years for which we have hard numbers, yet we're supposed to believe the Treasurer that he has kept the expenditures of the province to 2.3 percent a year for the last several years, the best fiscal record of any province in the country.

Now, when you throw in things like NovAtel on top of that, the Treasurer should understand that he was the laughingstock not only of this Assembly the other day, when he introduced this Bill to control expenditures, but of the whole country. There isn't anybody in this country that believes this Treasurer has a handle on what he's doing. Well, he does know what he's doing in the sense of how he's trying to manipulate people, but nobody believes his manipulations anymore; nobody believes his numbers anymore. The guy has got to a point where he's a one-man band spouting off incredible amounts of nonsense, and instead of trying to refute the serious arguments and specific points that we make on this side of the House, he just stands up and makes some silly points that, you know, we don't know what we're talking about or we don't understand what he's doing. The trouble is, we understand all too well, and over the five or six years that we've been in this building, we've been able to totally discredit the kind of misinformation and the Treasurer's way of trying to put the best light on everything that he passes out to the people of Alberta. The people of Alberta no longer believe him, Mr. Speaker, and there's no need that they should. The Treasurer has totally blown it.

He spent six years trying to tell us that he was going to get on top of the deficit and balance the books. Last year he then said, "Eureka; we've balanced the books." This year he says, "Oops; I made a \$1.6 billion mistake." Then he tries to put it all down to, "Well, nobody could predict the price of a barrel of oil." In fact, everybody told him that \$23 a barrel was totally unrealistic. His own Department of Energy told him that it should be \$18 or \$19 a barrel that he should be projecting on. But no. He said, "I need \$23 because I need a balanced budget," so he just doctored the numbers and came up with this balanced budget. The Member for Calgary-Mountain View and the Leader of the Official Opposition and myself told him over and over again, "Your deficit is going to be at least \$1 billion to \$1.5 billion, not a balanced budget." We had a little worse year than it looked like it might be at that time, so it's going to be \$2 billion on the budget side and \$2.5 billion on the consolidated side. The Treasurer just says, "Oops, I made a mistake." Then he turns around and brings in this stimulative budget, which is, if ever I saw one, a deathbed repentance.

In fact, what it reminds me of is what Grant Notley said. He said many years ago that the Alberta government will rule this province until they have wrecked it, until they have wrecked the economy, until they have allowed the big multinationals to rip off the resources, and until they have put the province in a big debt situation. Then the people of Alberta will finally get fed up with them and turn the province over to the New Democrats, who will have to straighten out the mess, reminiscent of what's going to happen in Saskatchewan. The New Democratic Party of Saskatchewan ran 11 balanced budgets in a row and in 1982 handed on to a Conservative government a \$2 billion surplus. In nine years the Conservative government of Grant Devine ran nine deficit budgets and left that province in a hole of \$13.9 billion.

Now, we've had some heritage trust fund money, and we've got that little nest egg that's been sitting there for a long time that the government's afraid to touch. Nonetheless, when it's all counted in at the end of this fiscal year, this province will be \$5 billion in the hole, including the heritage trust fund. So while we won't be quite so badly off as Saskatchewan and won't be starting in quite as big a hole, Lord help us if this government stays in power another four or five years. We will be worse off than Saskatchewan because this government has no plans, no way of getting us out of that kind of a mess. This government has presided over economic policies that have been totally disastrous. They deregulated the oil industry in 1985-86 because of course that was exactly the way to go, just in time to get clobbered by OPEC with \$8 a barrel oil. We lost 3 and a half billion dollars in oil revenues that year, and we've never recovered, and there's no sign that we're going to in the oil industry.

Then, of course, there's the agricultural policy. After 20 years of Tory rule agriculture in this province is in terrible shape. The family farm is on the wane and will be lucky to survive. Now we're selling out to the big pulp companies from Japan in the same way we sold out to the big oil companies in the '70s and '80s.

We jumped into a free trade deal that was supposed to be good for manufacturing, and we've lost 5,000 manufacturing jobs in this province and 500,000 across this country since the free trade deal came into effect. Now we're going into the North American free trade deal because, of course, the trade with Mexico is so irrelevant we don't need to really pay any attention to that. In fact, what we're finding is that the Americans in those negotiations are demanding all the concessions that they didn't get out of us in the free trade deal. This country is going to be trading at a great disadvantage on every front you can imagine over the next few years because this government has supported free trade blindly and it's supported the federal government, their federal cousins, who have taken us into the free trade deal blindly.

So, Mr. Speaker, we've seen a disastrous economic policy, no fiscal plan whatsoever in spite of what the Treasurer says. This province is in a lot of trouble because this government doesn't know what it's doing and because it doesn't level with the people of Alberta as to what's going on with the economy or with the dollars in this province.

[Mr. Speaker in the Chair]

MR. SPEAKER: Call for the question?

SOME HON. MEMBERS: Question.

MR. SPEAKER: Edmonton-Belmont.

MR. SIGURDSON: I would have thought, Mr. Speaker, that surely the Member for Lacombe would have gotten up to try and defend the government's position on Bill 37. I was just waiting. I thought that maybe I could give the opportunity to the Member for Dunvegan to stand up and say: yes, we need \$4 billion more. Or how about Smoky Lake? How about Rocky Mountain House or Clover Bar or Athabasca-Lac La Biche? When I'm sitting over here listening carefully and attentively to the Member for Calgary-Mountain View go on about how disappointed he is in the Treasurer coming forward and asking for another \$4 billion, followed by the Member for Edmonton-Meadowlark saying that he, too, is disappointed, followed by the Member for Edmonton-Kingsway, I thought for sure that somebody from the back bench

over there would stand up and try and defend his honour. Can you believe it? Nobody wants to go on the record.

#### Point of Order Parliamentary Language

DR. WEST: Mr. Speaker, point of order.

MR. SPEAKER: Order. Point of Order.

DR. WEST: Mr. Speaker, the hour is late and a lot of us have had a long day. Under Standing Order 23 when another member starts using abusive, insulting language – he is mentioning the names of the constituencies and the members over here directly to entice disorder in this House.

MR. SIGURDSON: This is a government Bill.

MR. SPEAKER: Are you on the point of order, hon. member.

MR. SIGURDSON: I thought it was a purported point of order, Mr. Speaker. I'll allow you to rule, sir.

MR. SPEAKER: It's the usual form to have the point of order stated, and sometimes the person who's been involved responds.

The Chair obviously regards it as not being a point of order but nevertheless looks forward to the Member for Edmonton-Belmont speaking to the Bill.

#### Debate Continued

MR. SIGURDSON: Bill 37: \$4 billion more and not a member of the Tory back bench wants to defend it. Mr. Speaker, can you imagine that? Here's government policy. Here's a policy of the government asking for \$4 billion more. Here are these fiscally responsible folk saying: "Oh, we've got to have fiscal responsibility in Alberta. We've got to have fiscal responsibility in Canada." And nobody wants to defend it. Is that to imply that Bill 37 is fiscally irresponsible? It's amazing. I would have thought for sure that we would have had people come forward saying: "Oh boy, we need this 4 billion bucks. We need the \$4 billion so that we can continue the programs and the policies of the government." But not one. Can you imagine the opposition just going on and on and on, as we're going to do with this Bill? Can you imagine not one of them standing up and trying to defend the position of the Provincial Treasurer and his cabinet colleagues who desperately need \$4 billion because they've mismanaged the economy so badly? Mr. Speaker . . .

#### Speaker's Ruling Repetition

MR. SPEAKER: Thank you, hon. member. Four times is enough repetition about the point you're attempting to make. The Chair looks down here and sees there's plenty of room for other members, and many yet wish to get in. So now we're coming back to the Bill, please.

MR. SIGURDSON: Well, Mr. Speaker, with respect, I was late in getting up so that I could allow somebody from the backbench to get in, and nobody moved. Nobody moved, so . . . All right.

11:00

#### Debate Continued

MR. SIGURDSON: Let's move on to something else. Let's talk about how the Provincial Treasurer stood up to introduce his Bill. Let's talk about the Provincial Treasurer's comment. He stood up

and he said: oh, well, we could have come in in 1986 and asked for that 17 and a half billion ceiling then. What a – I'm sorry, Mr. Speaker; I know you've got certain rules about parliamentary language, so I won't use the word that I was about to use. What nonsense. Can you imagine if the Provincial Treasurer in 1986 had walked into the Legislative Assembly and said: "Oh, we're going to go for a little financing. You know, we can project down the road. It's tough to read the future, but we can project down the road, and we're going to need 17 and a half billion dollars . . ."

#### **Speaker's Ruling Decorum**

MR. SPEAKER: Hold it. What are you doing leaning against the wall? You're either in or you're out, but you're not leaning against the wall. Thank you.

Edmonton-Belmont, you obviously have one member rising to the occasion somehow.

MR. SIGURDSON: You know, Mr. Speaker, he's looking for his post. That's his post in this government. That's what he's just trying to hang onto, but the Provincial Treasurer has already expended all of those dollars, so he hasn't got very much at all.

#### **Debate Continued**

MR. SIGURDSON: Anyways, when the Provincial Treasurer kicked off debate tonight with respect to Bill 37, he came and said: we could have asked for the big ceiling at the very beginning, but we wanted to be honest with the people of Alberta. The truth is, Mr. Speaker, that if they had come in in 1986 and said, "We want to borrow 17 and a half billion dollars," the triple A rating would have been kicked right down to – what is there? What's the bottom end? C?

MR. McEACHERN: Triple B.

MR. SIGURDSON: No, it's lower than that. You can go lower than that. If they had done that in 1986, that's where we would have ended up.

So what we've had is this sort of gradual increase of the borrowing power of the province. As my colleague from Edmonton-Kingsway said, we started with two a half billion. Seven years later, only seven years later, Mr. Speaker, we've got 17 and a half billion dollars. Is this the end? Well, I don't think so. Not as long as the Member for Lethbridge-East is sitting as the Treasurer for the province. We'll probably come back next year, and he'll say: "Well, we didn't do so well. We didn't do so well."

MR. JOHNSTON: Five more years.

MR. SIGURDSON: Mr. Speaker, he's threatening me. He says he's going to come back in five years. At 2 billion dollars a year, we're now looking at 27 billion, 28 billion dollars as a ceiling. What a frightening thought.

When I go out in my constituency and knock on doors, I get two responses. I get people that are extraordinarily upset, not because the Member for Edmonton-Belmont happens to be at the doorstep. They're extraordinarily upset about the policies of the government that have created the mess we're in. They are very angry, Mr. Speaker. But that's not the group that I worry about, because I can take that anger, and I can focus it. I can channel it, and I can turn it into something positive if there's given direction. There's the other group that have become apathetic

because they don't believe that we can get out of the mess that this government and this Provincial Treasurer have created. Now it's 17 and a half billion dollars.

The Provincial Treasurer, when he introduced, said in his opening remarks: oh, we had a tough time; we had an oil shock. Well, of course, Mr. Speaker, we did have an oil shock. My goodness, more than the oil shock, we have had rotten management of the government books, extraordinary mismanagement of the government books, billions of dollars shot in poor investments and ad hockery, friends of the government coming along and saying, "Oh, well, if you need a few dollars here, what's a few million to you?" That's got to stop, because the people no longer believe that we can get out of the mess that this government has created. The mess that we're in is so great that people have lost faith. They don't see where their hard earned tax dollars are going.

We still have people in northeast Edmonton that are trying to get facilities to make their life in their community better. Just \$4 billion – that's going to be the new ceiling – and now it's 17 and a half billion dollars. How much of that money is going to be dedicated to a health care facility in northeast Edmonton? Hazard a guess: nada, nothing, no dollars. In my constituency, Mr. Speaker, I was visiting senior citizens homes. Those folks there wanted some privacy. At the Edmonton Foundation Home for Seniors people that have had independence all of their lives are now finding they're having to share facilities and finding themselves in embarrassing positions. They would like to know how much money of this additional \$4 billion that's going to be borrowed is going to be dedicated to their needs. I'd guess again: not one dime, not a dime.

I've got people that would like to have extended care facilities up in northeast Edmonton. They would love to have the opportunity to spend more time with their loved ones in an extended care facility, but they can't because they have to travel too far away. They haven't got the means and the wherewithal to get to other facilities around the city or around the province to be with their loved ones. They want to know when they're going to get their facility, if they'll ever get it. Will this additional request for another \$4 billion of borrowing power provide them with that facility? Any bets? Any guesses? Will the Provincial Treasurer stand up and say, "That's what this money is for"? No. No, it's not going there.

Other groups: the Neighbourhood Activity Association of Belvedere, CARRA, Unity House, groups that deal with the poor, people just wanting to have an opportunity to better their lives – \$4 billion could go an awfully long way, Mr. Speaker, but they don't believe for a minute that the money that the Provincial Treasurer is asking for in Bill 37 is going to do them any good. They don't believe that it matters any more what the functions of our government are. You know, when we get to that point in our society, if people start to believe there's no hope, then that apathy can turn into a negative anger, and that's the side of the anger that I am most concerned about.

The concept of a billion is a heck of a concept. I go in and speak with elementary school students. I was in a school in my constituency today, a grade 5/6 class, groups that had come to visit the Legislature. I went up and had a little chat with them today, and they talked about what we were doing in the Legislative Assembly. They talked about the laws that are passed and the Bills and the budget that we debate. So we talked about how much is a billion. How much is a billion, Mr. Speaker? Maybe the Solicitor General should pay attention to this. When I'm talking in the class, I always ask for attention for this point, so pay attention, Solicitor General. When we talk about how much

a billion is, we try and measure it in something that a child can understand. So this might be a bit tough for you, but you'll get the test a little later on.

MR. SPEAKER: Through the Chair, hon. member.

MR. SIGURDSON: Sorry, Mr. Speaker. I do apologize to you, sir.

If you measure a billion in terms of a second, and if you were to take that second and turn that into a dollar, and if you were to give the Solicitor General a dollar every second of every minute of every hour of every day of every week of every month, in 32 years, if you didn't sleep at all . . .

MR. JOHNSTON: Give me a break.

MR. SIGURDSON: The Provincial Treasurer wants to correct me. He says 31 is enough. Thirty-one and months, Mr. Speaker. If you didn't sleep for a minute, the Solicitor General would have a billion dollars in front of him. That's how much a billion is. A tough concept for many, and here tonight the Provincial Treasurer is asking for 120 years worth of seconds.

11:10

DR. WEST: Or once around your head.

MR. SIGURDSON: I must admit that there's a large head.

Mr. Speaker, we have problems with concepts. We used to have governments that would stand up and be embarrassed with budgetary overruns. I can remember in previous administrations in other jurisdictions when they first hit \$10 million in an overrun. Boy, were they embarrassed, and the press went wild. I can remember in a New Democrat administration in a particular department a \$111 million overrun, and the press was berating the New Democrat administration in British Columbia at that time. Now we're asking to increase our borrowing power to 17 and a half billion dollars, and because of the concept, because we don't understand or appreciate what a billion is, it's pretty quiet. It's pretty quiet in the press, whether it's the print or the electronic media. It's certainly quiet in the back bench. I'm sorry, Mr. Speaker. That's the fifth time I've referred to the back bench. I'm not supposed to do that. But it's so quiet because people don't understand the concept of a billion bucks.

They do understand other concepts. They understand that their taxes are too high. Boy, they're angry about that. They're angry about that in my constituency, and I'd hazard the guess that they're probably angry in the Provincial Treasurer's constituency as well. How much of that \$4 billion is going to provide relief to those people that are still looking to get some benefit from the taxes that they're still paying? I talked about groups that are involved with poverty advocates in my constituency. I've talked about senior citizens' homes. What about those people that are fully productive members of our society and paying tax? There's a great deal of anger there because they don't see that their tax dollars are being used in a productive way either. Money is being squandered away through government programs that it would seem are just galloping, galloping away.

No control, no control at all, Mr. Speaker, and the Provincial Treasurer comes in and says: trust me; all we want now is just a little more, another \$4 billion, to take it up to 17 and a half. Is that going to be the last? He says not, and that's what's frightening. No controls, seemingly no plan, contrary to the Conservative philosophy: "Shouldn't have a plan. Can't plan the economy." Well, boy, it's starting to show. It's starting to show that there's no plan.

MR. JOHNSTON: Sort of like George Bush.

MR. SIGURDSON: Well, there's a very scary thought: "I like you, Dick. You've got to come over some time. Maybe we could talk, but until then just sit there and shut up and listen." I'm sorry, Mr. Speaker, that doesn't read well in *Hansard*.

#### Speaker's Ruling Parliamentary Language

MR. SPEAKER: It certainly doesn't, hon. member. This is not vaudeville. Provincial Treasurer, you don't need to egg him on, thank you. The matter of "shut up" is sort of frowned on even though you're using it in a different context. Let's come back to the Bill, please.

MR. SIGURDSON: Thank you, Mr. Speaker. I want to withdraw the remark "shut up." It was inappropriate for me to use that remark. I welcome the comments of the Provincial Treasurer at most times.

#### Debate Continued

MR. SIGURDSON: Mr. Speaker, the problem is that there's no plan, no plan whatsoever, no plan to get out of this mess that's been creative – that's been created. It's not been creative at all; it's just been created. That's the reason, Mr. Speaker, that I and my colleagues are very much opposed to this Bill 37, the Financial Administration Amendment Act, 1992.

MR. SPEAKER: Banff-Cochrane.

MR. EVANS: Thanks very much, Mr. Speaker. I have listened with rapt attention to the debate this evening, and though I would dearly love to get into the debate, quite frankly, given the late hour, I doubt very seriously if I would add anything very positive to the debate. I also doubt whether any of the other hon. members will be able to add anything to the debate. Accordingly, I move to adjourn debate.

MR. SPEAKER: Thank you. Having heard the motion to adjourn, those in favour, please say aye.

SOME HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

MR. SPEAKER: Carried.

head: **Government Bills and Orders**  
head: **Committee of the Whole**

[Mr. Schumacher in the Chair]

MR. CHAIRMAN: The Committee of the Whole will come to order.

#### Bill 32 Appropriation Act, 1992

MR. CHAIRMAN: Are there any questions or comments or amendments to be proposed with respect to this Bill?

SOME HON. MEMBERS: Question.

MR. CHAIRMAN: The hon. Member for Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Chairman. We couldn't let this go by without a few comments. This appropriation Bill has two parts to it. The Treasurer would of course realize that he has to cover the special warrants from last year, some \$405 million worth. I'll be interested to see if he can keep his special warrants down to the same level this year so he doesn't get caught up in his 2.5 percent ceiling that he's kidding us that he's going to be able to do in Bill 36, and the other part is the appropriation for this year's General Revenue Fund or his budget expenditures of some \$11.7 billion.

Mr. Chairman, it must be said that the Treasurer's figures do not reflect what's really happening in the province in total. The Treasurer should make some attempt, as I've tried to say a number of times in this Assembly over the last little while, but somehow he's not replied or taken note of it – the consolidated picture is the only one that really makes much sense and is the only figure that he should be putting forward to the people of Alberta so that they understand what's really happening in the province. Yet he consistently talks about his budget figure as if it had some meaning and leaves the Auditor General to do the consolidated statement, and we always of course get those figures a year to two years after the fact and after they've been spent.

I'm going to take a few minutes – I know I've done it in parts in some other Bills in other contexts in terms of the deficit and that sort of thing, but I think that while I've got the Treasurer's attention on this expenditure as outlined in Bill 32, the Appropriation Act, 1992, it's fair to say what we might expect to happen this year in terms of the total picture and how this is only a percentage of that. I guess a simple example would be to go back to the last year for which we have public accounts figures, and I need the Auditor General's book. On page 114 of the Auditor General's report, he sets out the expenditures and the revenues on a consolidated basis for the province for the years '88-89, '89-90, and '90-91. Those expenditures were \$13.2 billion in '88-89, \$14.2 billion in '89-90, and \$15.2 billion in '90-91. Yet the Treasurer did not bring us in a budget figure that was anywhere near that amount. That would indicate an increase in expenditures on a consolidated basis of a billion dollars each of those two years over the first year given. That's 7 and a half percent in the one year and 7 percent in the next year, about a 15 percent increase in the two years. Yet the Treasurer has the gall to stand up and tell us that on his budget side, on his program spending side, he has been holding the expenditures of this province to 2.3 percent, the best record of any government in Canada.

### 11:20

What he has done through the years since he took over are a number of things to make his budget figures look better, when in fact the consolidated picture is bad. First, he decided to cut the Capital Fund out from the General Revenue expenditures. Now, that I understand, and there is some rationale for it if he would at the end then put the two back together and say what it is on a consolidated basis. But there was no excuse for taking out the heritage fund. He used to do a figure called the combined deficit, in which he combined the budget deficit with the heritage trust fund expenditures to talk about the combined deficit of the province. Then one year he suddenly dropped that; he doesn't include the heritage fund any more. The next thing we find out is that the Treasurer is doing things like taking \$250 million out of the Lottery Fund and putting that in to make his deficit look better. This year he's taking another \$25 million out of the Lottery Fund to make his deficit look better. He's also taking

\$300 million from the Municipal Financing Corporation to make his deficit look better. But on a consolidated basis those things do not help and do not improve the budget picture in reality. So if the Treasurer were going to be honest with the people of this province, he wouldn't bring us a partial expenditure list like this.

I also pointed out a few minutes ago on one of the other Bills that we debated earlier that there's a whole raft of expenditures and in some cases some offsetting revenues that the Auditor General counts in the consolidated statement that are never even mentioned in either the budget or the Capital Fund or the heritage fund. When you add on top of that list, which makes the final figures always in the neighbourhood of \$2 billion greater than the figure that the Treasurer is trying to pawn off on us, the NovAtels and the MagCans and the GSRs and the government's losses on their loans, loan guarantees, and investment portfolio of some 3 and a half billion dollars, then you realize that the Treasurer is only asking us for partial coverage for the expenditures of the province, that in fact this represents only about 80 percent of the expenditures of the province, not the full picture. So it really is a question of the Treasurer trying to give the people of Alberta a partial picture of the problems of the province in terms of its fiscal management and then claiming that that's it.

He was at it again tonight when he brought in Bill 37. He stood there and said that his planned deficit is only \$2.3 billion. Well, it is on the budget side, but already we know that it's up to at least \$3 billion from hard numbers that we can also get from other parts of the budget and the various bits of information that he's already given out. That doesn't include some of the disastrous amounts of dollars we're going to lose on NovAtel and whatever other companies might go bankrupt in the meantime, in fact, even those figures that the Auditor General has to include in the consolidated statement over the budget statement. There's a rather interesting set of numbers, if you look at the difference between the deficit as projected by the Treasurer and then as projected by the Auditor General in his consolidated statement for those years for which we have the hard numbers. In the first year that we were elected, in 1986-87, the difference between those two deficits was some \$600 million. The next year it narrowed a bit to about \$400 million, and then it actually went down to about \$200 million, and in one year, the year they took the \$250 million of lottery funds that nobody expected, they were actually very, very close. Then all of a sudden in the last year for which we have hard figures, '90-91, the gap is \$600 million again.

What that means, Mr. Chairman, is that there are a lot of expenditures and costs to the government that are way over and above what the Treasurer admits to and that his \$2.3 billion, even if we add to it the known figures that bring it up to \$3 billion – and I've been through those enough times; I don't need to say it one more time – there are other numbers over and above that which lead us to suspect that he is probably going to need the \$4 billion that he's asking for. Of course, we also looked at a number of other ways of arriving at that same conclusion: watching the patterns of borrowing, the pattern of the debt accumulation each year, and his borrowing-power Bills.

So, Mr. Chairman, Bill 32 really only represents a partial explanation of the Treasurer's intentions of expenditures this year in this province, and it's not a fair thing to put forward to the people of Alberta and say, you know: "That's it. That's what we're doing."

MR. CHAIRMAN: Is the committee ready for the question?

HON. MEMBERS: Question.

[Title and preamble agreed to]

[Motion carried]

[The sections of Bill 32 agreed to]

MR. STEWART: Mr. Chairman, I move that the committee rise and report.

MR. JOHNSTON: Mr. Chairman, I move that the Bill be reported.

[Motion carried]

[Motion carried]

[Mr. Speaker in the Chair]

**Bill 33**

**Appropriation (Alberta Capital Fund) Act, 1992**

MR. CHAIRMAN: Is the committee ready for the question?

MR. SCHUMACHER: Mr. Speaker, the Committee of the Whole has had under consideration certain Bills. The committee reports the following: Bill 32 and Bill 33.

HON. MEMBERS: Question.

MR. SPEAKER: Those members in favour of concurrence with the report, please say aye.

[Title and preamble agreed to]

HON. MEMBERS: Aye.

[The sections of Bill 33 agreed to]

MR. SPEAKER: Opposed, please say no. Carried.

MR. JOHNSTON: Mr. Chairman, I move that Bill 33 be reported.

[At 11:29 p.m. the Assembly adjourned to Tuesday at 2:30 p.m.]