

## Legislative Assembly of Alberta

Title: **Wednesday, June 24, 1992**

2:30 p.m.

Date: 92/06/24

[Mr. Speaker in the Chair]

head: **Prayers**

MR. SPEAKER: Let us pray.

O Lord, grant us a daily awareness of the precious gift of life which You have given us.

As Members of this Legislative Assembly we dedicate our lives anew to the service of our province and our country.

Amen.

head: **Introduction of Bills**

MR. SPEAKER: West Yellowhead.

### Bill 332

#### Monitoring of Methane Levels in Coal Mines Act

MR. DOYLE: Thank you, Mr. Speaker. I would like to introduce Bill 332, the Monitoring of Methane Levels in Coal Mines Act, standing in my name on the Order Paper.

[Leave granted; Bill 332 read a first time]

MR. SPEAKER: West Yellowhead.

### Bill 333

#### Environmental Monitoring of Respirable Dust in Coal Mines Act

MR. DOYLE: Thank you, Mr. Speaker. I want to introduce Bill 333, Environmental Monitoring of Respirable Dust in Coal Mines Act, standing in my name on the Order Paper.

This Act, Mr. Speaker, will help monitor coal dust in coal mines to protect coal miners from becoming ill from coal dust.

[Leave granted; Bill 333 read a first time]

head: **Tabling Returns and Reports**

MR. BRASSARD: Mr. Speaker, I wish to file a response to Motion for a Return 224.

MR. MUSGROVE: Mr. Speaker, I'm pleased today to table the 1991-92 annual report of the Seniors Advisory Council. This report includes 11 recommendations to different departments of the government, and the council and I are looking forward to the comments on these issues.

MR. McINNIS: Mr. Speaker, I wish to file copies of a map which overlays the map of the Three Sisters project with lands that were designated as critical wildlife habitat by Mr. Gordon Kerr when he was deputy minister of fish and wildlife and also serve notice that I'll be raising a point of order related to this at the conclusion of question period.

MR. JOHNSTON: Mr. Speaker, I'm pleased to table the following annual reports for 1991: Credit Union Deposit Guarantee Corporation, Alberta Municipal Financing Corporation, and Alberta Resources Railway.

head: **Introduction of Special Guests**

MR. SPEAKER: The Member for Banff-Cochrane, followed by Edmonton-Jasper Place.

MR. EVANS: Thank you very much, Mr. Speaker. I'm very pleased today to introduce to you and through you to members of the Assembly a very dedicated and hardworking town councillor from the town of Cochrane, Mr. Jerry Jankiewicz. Mr. Jankiewicz is a first-term councillor. He's seated in the members' gallery. I would ask him to rise and receive the traditional warm welcome from the Assembly.

MR. McINNIS: Mr. Speaker, each year the Alberta branch of the Commonwealth Parliamentary Association in co-operation with the Alberta Department of Education sponsors a parliamentary essay contest. The aim of the contest is to encourage greater awareness of the Commonwealth and the parliamentary system. I'm pleased to report that this year's first place winner is Tai Ziola from Edmonton, Alberta, in fact from the constituency of Edmonton-Jasper Place. She is a grade 6 student at Rio Terrace school. Today she is honoured for her achievement. She's seated in your gallery, sir. Tai is there with her parents, Kim and Louise Ziola, and her brother Ryder. I wonder if they would please rise and receive the warm welcome of the Assembly.

I also am pleased to introduce a delegation of environmental groups in the public gallery who are concerned with the great west country, the foothills region of the province of Alberta north of Rocky Mountain House and south of Drayton Valley. They represent the Friends of the West Country, the Red Deer River Naturalists, the Sierra Club, a group called CAGE, which is, I think, Citizen Action Group for the Environment, and the Western Canada Wilderness Committee. I wonder if they would please rise and receive the warm welcome of the Assembly.

head: **Oral Question Period**

#### NovAtel Communications Ltd.

MS BARRETT: Mr. Speaker, just when you think things couldn't get worse, they do when it comes to NovAtel. This is unbelievable. A week after the government announced that it was going to take a bath of at least \$566 million on that whole fiasco, some genius agreed to the following deal: as part of a restructuring of a \$71 million loan to Cellular Information Systems of New York, NovAtel offered the company a seven-year \$35 million loan – and listen to this – five years interest free. I don't know of any bank that would say, "We'll cut your debt in half, and you get that money for five years on an interest free basis." My question would be to the technology minister, but in his absence I'll ask it of the Treasurer. Did the Treasurer know about this kind of a deal, and did he approve it?

MR. JOHNSTON: Mr. Speaker, the Minister of Technology, Research and Telecommunications has dealt with this question at least seven times in the last few days.

MS BARRETT: Well, Mr. Speaker, this triumvirate of leadership here between the technology minister, the Premier, and the Provincial Treasurer starts to remind me of Larry, Moe, and Curly Joe. But you know what? The script writers for the Three Stooges couldn't have drafted a scenario that turned out this ridiculous.

Mr. Speaker, let me ask the Treasurer this. If he knows anything at all, maybe he'll know this. Does the government have

any expectation of recovering any of the money from this company, or have they basically thrown up their hands and said: it's yours; the taxpayers give it to you?

MR. JOHNSTON: Mr. Speaker, what we have said is this. Any of the so-called systems loans have been fully provided for. In fact, the amount that we disclosed, probably under scrutiny right now, shows that we will probably recover more than we expected, and in fact our provision may well be higher than we expected. Therefore, what we filed when we gave the full disclosure is in fact still the best estimate at this point.

MS BARRETT: Mr. Speaker, that really begs the question: if the government expected them to recover the money, why would they give them a deal like this? The taxpayers of Alberta are facing a five-year freeze on health care funding to pay for this fiasco, and the Treasurer comes up with silly answers like we hope, we think. Good luck.

My last question to the Treasurer is this: if he's not willing to come clean on all the other information related to this particular deal, this giveaway of tax dollars, will he tell us how many more companies this government plans to give interest free loans to in an attempt to clean up the NovAtel mess, or does he know how many more companies are going to get that kind of money?

MR. JOHNSTON: Well, first of all, Mr. Speaker, what we have said in the Budget Address certainly is that the amount of money which we are committing to health and education is not being reduced. In fact, it's not even being frozen, contrary to what the member has said. If you look at the debate which has just finished in this House, we have in fact increased dramatically our transfers and expenditures to the health care system. Moreover, the grants which the province of Alberta has provided to the health care system far outstripped the grants certainly in the province of Ontario's case or still further in the case of the province of Saskatchewan. We have not at all reduced our commitments; in fact they're expanding. The member knows full well that she doesn't know what she's talking about.

2:40

Secondly, Mr. Speaker, we have already indicated in the Legislative Assembly that the question of NovAtel is before the Auditor General. We have now had in this House enough red herring debate. The members do not know at all what they're talking about in this area as well. What we see is that the Auditor General is now busily going through all the information which has been provided to him and which he can secure through his own efforts, and as we have committed, the Auditor General will make a very formal report as to what went wrong with NovAtel. I think that until then you're simply dealing in the area of speculation. That report will be made public. The Auditor General is a servant of this Legislative Assembly. He's appointed by all members, and he will do his job.

MR. SPEAKER: Second main question, Edmonton-Highlands, on behalf of the opposition.

MS BARRETT: Five years of frozen health care funding, Mr. Speaker. That's what's happening.

I'd like to designate the second question to the Member for Calgary-Mountain View.

#### **Ski Kananaskis Inc.**

MR. HAWKESWORTH: Mr. Speaker, Ski Kananaskis, which operates the Nakiska ski hill at Mount Allan, is experiencing

serious financial difficulty. Given that this government is backing a \$3 million loan guarantee for Ski Kananaskis, this is going to be one more financial fiasco the Alberta taxpayer is going to have to pay for. Will the Minister of Tourism, Parks and Recreation brief the Assembly as to why negotiations are currently taking place to terminate by mutual agreement the operating lease between the Alberta government and Ski Kananaskis?

MR. SPARROW: Mr. Speaker, every premise of what he said is totally not factual. We do not have a guarantee. We are not canceling the lease. The lease was renewed a year ago in May. It's a 15-year lease, and they are living up to the terms of that lease.

MR. HAWKESWORTH: First of all, the minister should read the public accounts. He can find that information about the guarantee there for sure.

Mr. Speaker, in taking back the lease, the government will have to cover the bank loan, and as part of the deal being discussed, Ski Kananaskis will turn over assets to the government but continue to operate the hill for a dollar while efforts are being made to find an operator for that hill. Not only will the taxpayers have to pay \$3 million, but they'll have to assume the ongoing operating costs. Will the minister describe the size of the ongoing operating costs that taxpayers are going to have to pay at that ski hill?

MR. SPARROW: Mr. Speaker, I think we should reconsider the research funding because everything the individual said is inaccurate and not factual, bordering on totally leading every member in this House astray.

In the days to come, I'm sure you're going to see the announcements from Ski Kananaskis of what they're doing and how they're changing their financial picture so that they can live up to their obligations.

MR. HAWKESWORTH: Well, it's the same old story, Mr. Speaker. The government pumps in millions, and the taxpayers are stiffed with the tab. How can the minister justify once again, one more time, sticking the Alberta taxpayers with another financial disaster?

MR. SPARROW: Mr. Speaker, we are not. He may have got some rumours of a request that was made and seen a request that they may have asked for, but there's a big difference between what people ask for and what this government gives them. [interjections]

MR. SPEAKER: Order. [interjections] Order. [interjections] Order.

Edmonton-Glengarry, on behalf of the Liberal Party.

#### **NovAtel Communications Ltd.**

*(continued)*

MR. DECORE: Mr. Speaker, Albertans now know that the collection of the hundreds of millions of dollars owing to NovAtel has been given over to North West Trust in Edmonton. Our offices have talked to a number of trust companies and have learned from those trust companies that it is most unusual for a trust company to act as a collector of a huge portfolio like the one due and owing to NovAtel. Collection agencies that have huge portfolios confirm this. Both collection agencies and trust companies that we spoke to say that the usual practice and the ethical practice is for this kind of a job to be tendered. Finally,

we've learned that North West Trust only recently hired collection personnel because they didn't have the in-house depth to do the collection that this NovAtel portfolio required. My first question is to the Treasurer. Inasmuch as it is good business practice and inasmuch as it's ethical to deal with the business community by tendering, I'd like the Treasurer to tell Albertans why this particular contract, the collection of a huge portfolio regarding NovAtel, wasn't tendered to the finance community.

MR. JOHNSTON: Well, Mr. Speaker, the member went a long way to get to the question, and he was absolutely wrong in his lead-off. Let me first of all clarify that very important point. To suggest that a financial institution can't collect financial debts is just more silliness from that member, and all Albertans recognize that.

MR. DECORE: Well, Mr. Speaker, I guess the Treasurer didn't hear the question, like he doesn't hear any of the questions that are put to him on NovAtel. Let me try again.

My information from the industry is that the usual collection fee for work on a huge portfolio like NovAtel is between 13 and 20 percent. I'd like the Treasurer to stand and without dodging the question tell Albertans exactly what the fee is that the government will be paying North West Trust in the collection of these NovAtel accounts.

MR. JOHNSTON: Mr. Speaker, we're still in the process of confirming the agreement between the NovAtel entity which controls and owns the loans and North West Trust, but I can assure you, that it'll be far below what the member has mentioned.

MR. DECORE: That's just plain sloppy, just the way this government has been sloppy in the whole NovAtel fiasco.

Mr. Speaker, my last question is this. The government has hinted that more moneys will be required to pay to bad American corporations; that is, American corporations that are in financial difficulty. Yet North West Trust was told by the Treasurer that it will be a collector only. I want the Treasurer to tell us who will authorize any payments that are made to these American companies that are in difficulty that need more financial help. Who will authorize those payments?

MR. JOHNSTON: Mr. Speaker, the government has never rumoured that. The Member for Edmonton-Norwood and the Member for Edmonton-Glengarry have rumoured that. Let's be absolutely clear where the rumours come from, because most Albertans know that this is just pure rumour-mongering when it comes right down to the issue.

Now, Mr. Speaker, what North West Trust is doing is the following. As I have explained before, North West Trust is acting as an agent. It has not taken onto its balance sheet any of the loans that are involved with respect to NovAtel, and in fact the NovAtel loans will stay inside the NovAtel corporation itself and are not being transferred to North West Trust. Secondly, North West Trust will act as an agent. Certain of the experts in NovAtel who were in fact involved in the collection will be essentially assigned on a contract basis so that there's continuity in the file, so that the expertise is there.

Finally, because the loans are already in a Crown-controlled agency, they will be presented in the consolidated statements along with all other government information. Let me make that very clear: it will be part of the consolidated statements of the government as well. So it won't be off the balance sheet as others have claimed. It'll be full disclosure. It'll be a straight objective

contract. It'll be an agency relationship. It will not be on the North West Trust balance sheet, and the loans will stay in the NovAtel company.

Now, we have also said that we made full provision for all the bad debts. In checking, Mr. Speaker, we have found that in fact we have provided at least a hundred percent in some cases and more than 75 percent in all cases in any of the loans that have been referred to. We're confident that our loan provision will allow us to collect the loans that are now outstanding, and that essentially is the update. It's complete, and anything else is simply rumours, as I've said.

### Constitutional Reform

MR. DAY: Mr. Speaker, it's hard to keep up with the ever changing agenda of the federal government relating to the constitutional meetings. First we hear that there are deadlines. Then we hear that there are no deadlines. Then we hear that the country's on the brink of disintegration. Then we hear that everything's coming together. I wonder if the Premier can tell us: has he heard from the office of the Prime Minister, has heard from Mr. Clark in terms of the process from here? Are there going to be further meetings, or is the federal government going to just march on alone, or are the lazy, hazy days of summer just going to magically bring us all together?

2:50

MR. GETTY: Mr. Speaker, some of the thoughts that I've had over a period of time are starting to firm up with actions by the federal government. I have thought over the course of the past several weeks that it would be necessary for first ministers to get together on constitutional matters. Today we have been invited as first ministers to meet with the Prime Minister on Monday at noon hour at 24 Sussex Drive. I'm sure that will allow us all to discuss a variety of constitutional matters.

MR. DAY: Well, forgive me, Mr. Speaker, for not having the faith that the Premier has and for being a little bit suspicious about a possible agenda here. We've got the Queen coming, we've got July 1, and we've got all the Premiers looking like they're secluded over lunch at 24 Sussex Drive. Can the Premier tell us: is he prepared for the pressure that may be upon him to give in to various demands as all of these events unfold in this scenario. [interjections]

MR. GETTY: Mr. Speaker, it's obvious that the members of the opposition don't consider the matter of Senate reform and the matter of a constitutional package for the future of Canada to be an important matter. If you watch them, they consider it just something to laugh about. I hope that the students who are in the gallery today and people who are watching the opposition by television would get a sense of the way in which they treat very serious subjects. They would not be very happy with that performance.

Nevertheless, Mr. Speaker, I believe the agenda that the federal government will want to discuss on Monday will be the matter of Senate reform, veto or amending formula, the federal economic powers as set out in section 121 of the Constitution, and aboriginal matters. For my part, I believe that such a package should be expanded to make sure that the five Quebec conditions are part of the discussion as well as the Ontario desire for a social charter. It would seem to me that if we brought all of those matters together, we would then be dealing comprehensively with the key matters in a constitutional package.

MR. SPEAKER: Edmonton-Avonmore, followed by Calgary-North West.

### Women's Health Care

MS M. LAING: Thank you, Mr. Speaker. My questions are to the minister responsible for women's issues. A recent report, *Sharing the Vision*, released by the Salvation Army Grace hospital in Calgary states in the strongest terms possible the concern that government and citizens do not pay attention to the unique health care needs of women either in terms of research or in the delivery of services. More specifically, in Calgary and Edmonton breast-feeding and postpartum support services have been cut back and women's wellness centres face serious funding shortages and may close. These services not only enhance the quality of health care, but they save precious health care dollars. My question to the minister: will she now commit to ensuring that the health care needs of women and children, indeed of Alberta families, will not be sacrificed by this government?

MS McCOY: Mr. Speaker, let me first say that I have the greatest of respect for the Grace hospital in Calgary. For example, its women's resource centre is a leader in Canada, the services it provides, and the hospital has led the way in many innovative responses to women's health concerns.

Secondly, let me say that I have not had the opportunity to read their report. I believe there is a meeting in Calgary on Thursday among many of the health care givers to look at the allocation of resources. I should certainly hope that they will make a priority for women's health issues.

MR. SPEAKER: Supplementary.

MS M. LAING: Thank you, Mr. Speaker. I will send the minister a copy of the section of the report.

My second question to the minister. The report notes a lack of attention to women in research that deals with disease and treatment. This is not surprising given that boards making these decisions are dominated by men. For example, the Alberta Cancer Board is comprised of 10 men and two women, and the Scientific Advisory Council for the Alberta foundation for medical research has 14 men and no women. Will the minister responsible for women's issues now advocate on her own behalf, on behalf of Alberta women and Canadian women to ensure that women have equitable representation on boards making decisions about health research and treatment funding?

MS McCOY: It's a subject very near and dear to my heart, Mr. Speaker. There is no question that there is no gender balance on those boards, and I would continue urging, as I have been for some five years now, more appointments of women to such important boards.

MR. SPEAKER: Calgary-North West.

### Safety Codes Officers

MR. BRUSEKER: Thank you, Mr. Speaker. My questions are also for the Minister of Labour. I have had phone calls from the towns of Three Hills and Lomond, to name just two, concerned about a shortage of rural safety codes inspectors. In some cases, in fact, fire and new building inspections are not being performed, and as a result public safety could be at risk. My question to the minister is simply this: what is the minister planning to do about

the shortage of rural safety codes inspectors in the province of Alberta?

MS McCOY: Mr. Speaker, we are, as the member knows, moving towards implementation of the new Safety Codes Act, which will in fact increase the opportunity for more qualified people to provide the kinds of services the member is mentioning. I should also say that we have moved to identify those areas which have the highest risk, and our own department employees do prioritize their responses according to the degree of risk that is inherent in any given structure.

MR. SPEAKER: Supplementary.

MR. BRUSEKER: Thank you, Mr. Speaker. In many places these positions are filled by people like the volunteer fire departments. These people are being asked to give up time from their businesses to go get training. So my supplementary question to the minister is: how does the minister plan to ensure that on one hand the training will be given to these safety codes officers, yet on the other hand they can ensure that their businesses remain operational? Many of these are simply a one-person business, and they don't have relief staff to accommodate time off for training.

MS McCOY: Mr. Speaker, volunteer fire brigades are a great tradition in Alberta, and we all know that the courage and the community service of the people who do volunteer their time and efforts in those brigades has stood us in good stead over the years. In terms of giving them training so that they are able to handle the fires they are called to with a minimum of risk to themselves, this is an ongoing challenge. Our fire school in Vermilion, however, has been responding to that need over the years and continues to be again one of the leading institutions in Canada for that purpose. However, as we continue to get more sophisticated in materials which have fire risks and also in our capacity to handle them, there is an ongoing upgrading and retraining component. In each and every one of those cases the fire school and the municipalities co-operate among themselves to have the most appropriate and expedient arrangements made to accommodate the needs of the fire fighters.

MR. SPEAKER: Rocky Mountain House, followed by West Yellowhead.

### 3:00 Natural Gas Sales to California

MR. LUND: Thank you, Mr. Speaker. Situated in the Rocky Mountain House constituency is the world's largest natural gas processing plant as well as many smaller natural gas processing plants, so it's easy to understand why the sale of natural gas is so important to this constituency. Today the National Energy Board issued a very strong decision regarding the sale of natural gas to California. To the Minister of Energy: is this decision consistent with Alberta's actions, and what are the immediate implications?

MR. ORMAN: Mr. Speaker, as the hon. Member for Rocky Mountain House pointed out, this is a very important issue to Alberta. Really the background for the decision by the National Energy Board with regard to natural gas exports began in December of 1988, when Pacific Gas and Electric made an application to the National Energy Board to get their gas licence extended. They made representation that it was a good long-term relationship with Alberta and that they wanted it to continue, and therefore their licence was extended. In February of 1990 they had a hearing in

California that basically tried to subvert long-term contracts between Alberta producers and the utilities in California. This relationship with California has really eroded ever since. That resulted in this government bringing forward the Nova Terms of Service Regulation Validation Act, Bill 9, this spring in the Legislature to really preserve those long-term contractual relationships.

The National Energy Board decision really lends weight and support in a major way to the position that the Alberta government has taken over the last couple of years and simply says that Alberta and now the National Energy Board will not allow unilateral action to be taken to abrogate long-term contracts. Mr. Speaker, producers rely on these contracts to finance their exploration and production activities in this province, and we are saying, as is the National Energy Board: if you want to buy Alberta products, live up to your contractual relationships. The NEB decision and Bill 9 do both of those things.

MR. SPEAKER: Supplementary, Rocky Mountain House.

MR. LUND: Thank you, Mr. Speaker. Many of the producers in the Rocky Mountain House constituency are presently evaluating further expansion of natural gas sales to California. To the Minister of Energy: what are the implications of these projects for the province?

MR. ORMAN: Mr. Speaker, that is a very important yet delicate question to ask. The producers are trying to discreetly separate the expansion to California and the existing restructuring of flowing gas to California, but I don't think that can happen. This certainly puts in some jeopardy the possibility of pipeline expansions to California in terms of timing more than anything, whether they occur now or whether they occur at a time when there is greater stability and a greater reliance on the certainty of the regulatory bodies in California. We want to know, as do producers, as does the National Energy Board now, that if there is further gas to be sold to California, there's a level playing field and we know what the rules are up front. The rules are that if you enter into a contract, you live up to that contract or you negotiate your way out; you don't rely on a regulator to arbitrarily change those contracts.

The Altamont project and PG and E are both looking to expand sales to California. I should say, Mr. Speaker, that I'm frankly disappointed with PG and E and their lack of support for Alberta producers before the regulatory commission in California. I think that they should be standing up and saying, "Yes, we entered into those contracts, and we believe that contractual sanctity is an important relationship to maintain." That hasn't happened, and it does cast a pall over pipeline expansions to California.

### Coal Mine Safety

MR. DOYLE: Mr. Speaker, the minister of Occupational Health and Safety's committee to establish new regulations governing coal mine safety has proven to be nothing but a total sham. While labour negotiated their position in good faith and arrived at an agreement with management's negotiating team, management and owners of the coal mines are now refusing to accept the recommended new regulations. They're saying that their own representatives in the negotiations did not have the power to bind them to any agreement. Will the minister of Occupational Health and Safety admit that the long negotiations of the new regulations he has been relying on to deflect questions about coal mine safety

were a farce and a waste of time, designed to accomplish nothing but a delay in dealing with the problem of coal mining?

MR. TRYNCHY: No, Mr. Speaker.

MR. DOYLE: I guess he wouldn't admit it, Mr. Speaker.

Mr. Speaker, the minister has pledged to the mine workers to establish another mine safety committee. He wants to start the new negotiations based on the draft regulations agreed to in the first round. Since labour accepted the agreement and management didn't, it appears that the minister would like the draft to represent labour's position and leave management free to try to water it down to see if it would be acceptable. Given that the miners now have no reason to believe in this minister's commitment to mine safety, what assurances will the minister give that the regulations coming from his new negotiations will not be weakened even further and will be finalized by January 1993?

MR. TRYNCHY: Mr. Speaker, I think the gentleman across the way should get another script writer, because everything he says in that riding is wrong. I visited the mine a week ago, and they pledged to the workers and the employers . . .

MR. DOYLE: I was there yesterday.

### Speaker's Ruling Interrupting a Member

MR. SPEAKER: Order please. [interjection] Order. You asked your question and your supplementary. [interjection] Hon. member, just be quiet, please. You forget what the system is: ask a question, wait for an answer, ask a supplementary, wait for an answer, and don't shout back and forth. Got it? Thank you very much.

Now we'll look to Edmonton-Jasper Place.

### Sunpine Forest Products Ltd.

MR. McINNIS: Mr. Speaker, the area south of Drayton Valley, north and west of Rocky Mountain House, east of the Forestry Trunk Road is a natural treasure. In any given weekend thousands of Albertans can be found hunting, fishing, or observing nature. A recent study in the private sector suggested that the Rocky Mountain House corridor is worth much more ecologically and economically in its present state, where tourism is a prime activity and small local logging operations already occur. I would like to ask the minister of tourism if he is documenting the tourism/recreation use and potential for that area, known as the Brazeau timber development area, so that these options can be considered alongside the Sunpine option of clear-cutting.

MR. SPARROW: Mr. Speaker, on a continual basis we work with the departments of Forestry, Lands and Wildlife and tourism on the integrated management planning process, which sets out the objectives of an area. On each area that is in a forestry area we actually work on a continuous basis on their yearly plan. So very definitely our staff work hand in hand and have identified the opportunities throughout many regions of the province.

MR. McINNIS: Mr. Speaker, the problem is that the ongoing tourism activity can be destroyed by rapacious logging. So I'd like to ask the Minister of Forestry, Lands and Wildlife, who has many times promised public input on major allocation decisions by his department, if he will undertake today to ensure that he will take whatever steps are necessary to have the proposed

Sunpine forestry management agreement sent to the Natural Resources Conservation Board alongside tourism options so that the public can review the options before he signs the deal.

MR. FJORBOTTEN: Well, Mr. Speaker, first of all, there's been a lot of public consultation on the area that goes back a number of years with respect to the integrated resource planning process that took place. I have to remind the hon. member that a forest management agreement is a commercial document that spells out terms and conditions for the company. That doesn't give them the right to cut any wood. Before they cut any wood, they need harvesting plans and an annual operating plan, and that is subject to ongoing public consultation. It's not good to have just one snapshot in time, because it's an ongoing, a living process, and that's what we've established to review this.

Along with that, going back to his first question, what's of paramount concern is not only the wood resource but the wildlife resource, the recreational opportunities, sensitive habitat, and sensitive areas, which are all looked at along with logging. Logging is only one part of the process. It's not to take away from the recreational opportunities that are in the area.

MR. SPEAKER: Calgary-McKnight.

### Senior Citizens Programs

MRS. GAGNON: Thank you, Mr. Speaker. We continue to get phone calls from seniors who express skepticism over the government's supposed concern about their welfare. The minister's public meetings are causing seniors to rightfully question the government's commitment to their open and fair consultation. Seniors are telling us that the meetings are stacked and manipulated by government. My question is to the minister responsible for Seniors. If the government really wants to hear what seniors have to say at their public meetings, why are the meetings chaired, facilitated, and the results of proceedings recorded and controlled by government employees?

3:10

MR. BRASSARD: Well, I'd like to thank the hon. member for her interest in a process that's been going on for almost a year, in fact a little over a year. Mr. Speaker, about a year ago we made a commitment to consult with seniors. We've done this on as comprehensive a basis as possible, and it's true that part of that consultation process is holding forums across the province. The participation has been voluntary. We've asked people of all ages to come forward to the meetings and devote a full day to the discussion not of our agenda but of theirs and what they see are the principal issues facing seniors now and in the future and what they see as a solution to that.

We felt it only fair that if we are asking as many as 120 and 150 people who attend these meetings to give up a day, we handle this day in as professional and as neutral a manner as possible. So it is true that we tendered a process where we would have facilitators who were skilled in chairing such meetings. We didn't prepare the agenda. We prepared discussion papers that they may use at the meetings, but certainly we did not control either the input or the outcome of those meetings.

MRS. GAGNON: Mr. Speaker, the seniors see this as patronizing and manipulative. If the government really wants the seniors to trust this process, will the minister stop the nonsense right now and let the seniors run and record their own meetings?

MR. BRASSARD: Well, I'm really disappointed in the reaction of the member, because I haven't heard those comments from any of the people who have attended the meetings. As a matter of fact, we have had nothing but praise from the members of the seniors' community as well as from those providing services to the seniors for the meetings that we've held. They've been informative, they've been thought provoking, and they are going to be a portion of our document that is laying out an agenda for the next 15 or 20 years for the seniors in this province. It's a very, very worthwhile exercise. It has had very good results.

The meetings have ended. We're in the business right now of trying to compile all of the vast amount of information we've gathered, and I have nothing but praise for both the process and the results.

MR. SPEAKER: Banff-Cochrane.

### Access to Children of Divorced Parents

MR. EVANS: Thank you, Mr. Speaker. Last night I was privileged to participate in a meeting that was organized by the minister responsible for women's issues to discuss a very thorny issue, and that's court-ordered child access. Representatives from the Premier's Council in Support of Alberta Families, the Alberta Women's Secretariat, noncustodial parent support groups, grandparent support groups, and also from the justice system met in a very nonconfrontational environment to discuss issues. I believe the meeting was an important first step. My question to the minister is: what did the minister learn about the inadequacy of the present system?

MS McCOY: Mr. Speaker, I think it's fair to say that all of the participants found the meeting to be very useful, and I take this opportunity to thank the Member for Banff-Cochrane for taking the time to participate and contribute as well.

It was a meeting, as I said yesterday, to begin to explore the issue, and it rapidly emerged that there was wide consensus among the various points of view at each of the tables. One of them was that the current system dealing with access to children after divorce in fact is adversarial, and indeed the way it is structured tends to increase adversarial relations between parties.

Moving beyond that, however, we approached values and principles, and it was without a doubt everyone's shared value that children should be the centre of any process that deals with these questions and that it is their rights and interests and needs which we must concentrate on at all times. Moving from there, there was also a statement that was endorsed by the meeting that we need to be very careful in how we deal with the definition or the understanding of family, because we must always remember that when there are children, the relationship with them does not depend upon a marriage certificate.

MR. SPEAKER: Supplementary, Banff-Cochrane, followed by Vegreville.

MR. EVANS: Thank you, Mr. Speaker. I certainly agree with the minister that there was a great deal of consensus at the meeting last night, and based on that consensus, my supplementary question to the minister is: what course of action has she identified to follow up on this very positive meeting?

MS McCOY: Mr. Speaker, we left that to the participants to address, given that it was one evening and also of course that it is their process that has begun. They recommended that this

should be the first step only. I think their second recommendation is that we have another similar evening. In fact, because of the time we had last evening, we began to get a much better and in-depth understanding of the issues from the various points of view but had not really moved into beginning to sketch out solutions. So I would expect now to convene a similar meeting fairly shortly with the same people involved, and we will begin then to explore solutions.

MR. SPEAKER: Vegreville, followed by Edmonton-Whitemud.

### Drought

MR. FOX: Thank you, Mr. Speaker. While rainfall has finally blessed the southern part of the province, the northeast region remains extremely dry. In fact the drought that began over five years ago continues in 1992 with no relief in sight. The government has refused to provide disaster assistance for the area, and the Minister of Agriculture refuses to recognize just how serious the situation is. In fact, he said in this Assembly on April 29, and I quote: "One year – or more correctly put, half a year – of severe drought can hardly constitute a disaster." To the Associate Minister of Agriculture: what specific plans does the government have to help livestock producers, grain farmers, farm families, and their communities who need water in northeastern Alberta?

MRS. McCLELLAN: Well, Mr. Speaker, we have responded on the water issues with a very comprehensive water assistance program, first in the dugout program, some emergency measures for the short term late last fall. So on that side of it we have. For the grain farmers certainly we have in place a very comprehensive crop insurance and revenue insurance program, which this government commits to very significantly through its budget process. So that's on the crop side. For the feed side certainly I would hope that the producers in that area are taking advantage of the forage insurance and pasture insurance programs, because certainly that is what they were put in place to deal with.

MR. FOX: Mr. Speaker, the minister mentions the supplemental rural water development program. That program ended on March 31, but the need for the program did not. Will the government agree to extend funding for this program so that farm families in the northeast can get the help they need to dig wells and dugouts?

MRS. McCLELLAN: Mr. Speaker, parts of that program definitely had a sunset on them and with good reason, because the dugout program and so on was put in place to provide a catchment in the hope that there would be some runoff. I would just simply tell the hon. member that we do have a drought committee in Alberta Agriculture that was reactivated very early this season because we had a number of areas in the province that were dry. That committee is continuing to work, and we will continue to work with that committee and with the producers in that area, particularly in water for livestock, because it is a very critical problem for them, as well as for their domestic use.

MR. SPEAKER: Edmonton-Whitemud.

3:20

### Ombudsman's Report

MR. WICKMAN: Thank you, Mr. Speaker. In the Ombudsman's 25th annual report three departments stand out way, way over the average in terms of complaints and, even more significant, in terms of the number of complaints upheld by the aggrieved parties. To the minister with the most complaints and responsible

for workers' compensation: why has the minister failed to come to grips in dealing with injured workers and their grievances?

MR. TRYNCHY: Mr. Speaker, when looking at the Ombudsman's report, complaints supported are 19 out of 195. I thought that was a pretty good record.

MR. WICKMAN: Mr. Speaker, to the minister: 19 in comparison to the others is way, way, way, way high.

My second question to the number two minister of complaints, the minister responsible for Family and Social Services: when will the minister start to deal with his responsibilities in a fashion that reflects compassion and heart instead of the harshness his complainants have encountered to date?

MR. OLDRING: Well, Mr. Speaker, that kind of nonsense is what we've come to expect from that particular member, but I'm not going to participate in the debate at that level.

I would only want to reiterate, I think, a very significant observation that my colleague to my right pointed out. That is to say that in our department, Mr. Speaker, we're not very pleased that there were 184 files opened in 1990. Obviously if there's one file opened, we're not very pleased with that. We do our best to make sure that complaints and problems can be resolved at the delivery level of the services that we provide.

Recognizing that this department is responding to the needs of hundreds of thousands of Albertans, is involved in some very complex programs, some very significant programs that were undergoing some very thoughtful changes this past year, I would be remiss if I didn't point out that out of those 184 files opened only 39 complaints were supported. Although we're not happy about having 39 complaints supported, as I say, we do everything we can to resolve it long before it reaches this report. I would say that it is an incredible tribute to the employees of this department to think that they could reach out to as many Albertans as they do to provide the multitude of programs that they do and only have 39 complaints substantiated is pretty significant in my books, Mr. Speaker.

MR. SPEAKER: Might we revert to Introduction of Special Guests?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried. Thank you.  
Lesser Slave Lake.

head: **Introduction of Special Guests**  
(*reversion*)

MS CALAHASEN: Thank you, Mr. Speaker. On behalf of my colleague the MLA for Grande Prairie I am pleased to introduce a grade 6 class from Beaverlodge elementary school sitting in the members' gallery. There are 42 students and 15 adults in the group, including two teachers, Alan Walker and Richard Smith. I'd ask the whole group to stand and receive the warm welcome of the Assembly.

MR. SPEAKER: Two procedural matters. First, a point of order, Edmonton-Jasper Place, and then the Chair will give the ruling with respect to the purported point of privilege of a few days back. Thank you.

Edmonton-Jasper Place.

## Point of Order

### Factual Accuracy

MR. McINNIS: Thank you, Mr. Speaker. Yesterday in question period I asked questions of the ministers of tourism and Forestry, Lands and Wildlife about the Three Sisters project presently before the Natural Resources Conservation Board. The questions I asked were about a 1979 agreement signed by two ministers setting aside certain lands for wildlife habitat in mitigation of development in Kananaskis and a memorandum from the assistant deputy minister of fish and wildlife declaring certain lands to be critical wildlife habitat and asking the government to acquire them for that purpose. The minister of tourism, in response to my question on why the government would encourage development on critical wildlife habitat, said, "We're not," and the Minister of Forestry, Lands and Wildlife said, "The way the hon. Member for Edmonton-Jasper Place phrases his question is totally inaccurate." He went on to say other things to the effect that he felt the 1979 agreement was in place.

Now, Mr. Speaker, it's well known in parliament that questions must be factually based and that the member asking questions is responsible for the accuracy of those facts, and I'd refer the Chair to *Erskine May's* 21st edition at page 287 dealing with that point and also at page 383 dealing with the laying of documents before the Table. I believe that the two ministers may inadvertently have misled Albertans and the Assembly in their answers, and I wish to provide information to that effect.

I earlier tabled a map of the Three Sisters development which overlays Mr. Kerr's, the assistant deputy's, recommended purchase and critical wildlife lands. There is an area of overlap in the Wind valley area. To quote very briefly from the assistant deputy's memo, it says:

Without belaboring the point, the above lands are absolutely critical to the long term well-being of wildlife in the P-W-R complex. As previously mentioned the Calgary Regional Planning Commission recommends that this area be zoned for wildlife preservation and that all intensive uses be excluded.

So having laid on the Table a copy of the 1979 agreement and the 1979 memorandum by the assistant deputy minister and the map which compares the two, I believe I have a point of order. I would appreciate it if the minister would rephrase his answer in light of this information.

MR. SPEAKER: The Minister of Forestry, Lands and Wildlife, in response to the point of order.

MR. FJORDBOTTEN: Mr. Speaker, yesterday the hon. Member for Edmonton-Jasper Place made this statement. He said:

I'd like to ask the minister who's in charge of fish and wildlife if he can explain when it became government policy to promote condominium, golf course, and commercial development on critical wildlife habitat.

My answer:

Mr. Speaker, the way the hon. Member for Edmonton-Jasper Place phrases his question is totally inaccurate.

What he was doing in his question was leaving the implication that we don't care about wildlife and that we don't care about sensitive wildlife habitat, and that is not accurate at all.

Today there was a map filed, and I appreciate that the hon. Member for Edmonton-Jasper Place sent me a note with the map initially, saying that he was going to raise it as a point of order today. I might say that the map may be accurate, but I think the map is old. I'm going to have it checked, and I will undertake to report back to the House on the accuracy of that.

When we worked the trade, recognizing that there was critical wildlife habitat in that Wind valley area, we negotiated and got approximately 1,270 acres of land from the Three Sisters, and we returned some 840 acres of other land that wasn't a sensitive habitat area. So our habitat biologists were very pleased that we'd made an excellent arrangement and captured I don't think all but most of the critical wildlife habitat in that area.

Going back to the hon. member's point of order, Mr. Speaker, I know that the hon. member takes great pride in being accurate, but he is not accurate when he says that it's the policy of this government, as he states, "to promote condominium, golf course, and commercial development on critical wildlife habitat." We don't do that.

Secondly, I might say in addition that the NRCB process is put in place to make evaluations of projects like this, and we should let them complete their work. If there are serious concerns with wildlife, they'll be raised and they'll be heard and a judgment will be made. There are hearings taking place right now with respect to that.

Mr. Speaker, I stand with my statement of yesterday.

MR. SPEAKER: The hon. minister has given an undertaking to check the accuracy of the map with respect to current conditions. The Chair looks forward to hearing about that.

Thank you.

### Privilege

#### Obstructing a Member in Performance of Duty

MR. SPEAKER: Now we'll deal with the matter of privilege.

On Friday, June 19 of '92, the hon. Member for Edmonton-Strathcona rose on a purported point of privilege with regard to being denied access to the Fort Saskatchewan correctional facility. While the point of privilege was not raised at the first reasonable opportunity, as required by Standing Orders, the Chair accepted at that time the argument that the situation complained of is of a continuing nature and therefore allowed the point to be examined.

With respect to a possible breach of privilege as a result of restrictions being placed on a member wishing to visit a correctional facility, the Chair has examined the issue to first determine whether or not such access is necessary for the Member for Edmonton-Strathcona to fulfill his parliamentary duties. If the touring of a correctional facility relates to the member's service in the House and that service is interfered with, then privilege becomes a concern.

3:30

*Beauchesne* 24 is clear . . . [interjection] Hon. member, sorry; we're in process.

Cause the door to be opened and the member to come in. I'll start from the top of the page. I assume the hon. Member for Edmonton-Whitemud will read what's already in *Hansard* to this point. Thank you.

*Beauchesne* 24 is clear that

The privileges of Parliament are rights which are "absolutely necessary for the due execution of its powers". They are enjoyed by individual Members, because the House cannot perform its functions without unimpeded use of the services of its Members.

On June 19 the Member for Edmonton-Strathcona at page 1506 of *Hansard* stated that as Official Opposition critic for the Solicitor General's department, access to certain correctional facilities is an extension of his duties in the House. The Chair accepts on a qualified basis the principle of this statement, as members do have duties which are an extension of their parliamentary duties. The Chair also accepts on a qualified basis that the

work of an opposition member relating to his or her critic responsibilities can be considered a matter connected with the internal workings of the House. After considering that the members' parliamentary duties may be affected by restricted access, the Chair examined whether or not such restrictions, if they indeed exist, could prima facie constitute a breach of privilege.

The Chair is concerned that all policies related to members be equitably applied. If restrictions placed on one member were not applicable to all members, this could, in the Chair's opinion, potentially constitute a breach of privilege. The Chair requested additional documents from both the Solicitor General and the Member for Edmonton-Strathcona to determine whether or not the restrictions on visitors to correctional facilities are uniformly applied against all individuals of any particular group or class, including MLAs. An internal policy directive supplied by the minister from the correctional services division of his department dated May 30, 1983, seems to clarify the matter. The Chair will file a copy of this policy statement in the House.

The document consists of a policy statement and six implementing procedures specific to granting access to correctional facilities for MLAs, MPs, and other elected officials or dignitaries. The policy states, "Members of the Provincial Legislature shall be provided access to Correctional Centres at all reasonable hours." Based on the policy statement alone, it would appear that the Member for Edmonton-Strathcona should have been provided access. However, the six procedures which follow as part of the policy directive must be considered, as they form part of the policy. As the Chair understands these procedures, it appears that safety is the primary consideration in the present policy, and the policy directive takes note that elected officials may in fact be in more danger in a correctional facility than ordinary members of the public. The memo makes no mention of party affiliation or any other criteria which might allude to arbitrariness and a possible breach of a member's privileges.

Importantly, the first of the six procedures specifically states:

Members of the Legislative Assembly of Alberta wishing to tour provincial Correctional Centres are required to receive permission . . . from the Solicitor General.

The Member for Edmonton-Strathcona did indeed comply with this requirement by writing to the Solicitor General on June 9, 1992. On June 12 the Solicitor General responded in writing to the hon. member's request. The Chair notes in the Solicitor General's response two specific sentences:

Unfortunately, I am not able to grant your request at this time . . . Should the opportunity arise where a tour might be facilitated, I will inform you.

When one reviews the response of the Solicitor General to questions raised by the Member for Edmonton-Strathcona during question period on June 18, 1992, as found on page 1461 of *Hansard*, the reasons for these two statements in the Solicitor General's letter to Edmonton-Strathcona become clear. Quoting from *Hansard*:

Mr. Chivers: . . . will the Solicitor General now reconsider his arbitrary refusal to grant me permission to visit the Fort [Saskatchewan] correctional institution?

Dr. West: Mr. Speaker, at the present time – and I've been Solicitor General for not too long at this time – I'm reviewing the policies as they relate not only to the structure of our correctional facilities but to our policies as they relate to touring the facilities. The answer directly is: until I have finished those types of reviews and looked at the structure, no.

The visitation policy has been in place since 1983, and the Chair has no evidence before it that the policy is arbitrarily or inconsistently applied. The Solicitor General has clearly indicated the visitation policy to be under review, and the Solicitor General's

decision to put in abeyance all visits while he reviews the existing policy is within his prerogative as a minister of the Crown. The Solicitor General has clearly stated that he is not able to grant the Member for Edmonton-Strathcona's request at this time and that should the opportunity arise where a tour might be facilitated, the member would be informed.

In light of this information, the Chair rules that there appears to be no prima facie breach of privilege. The Chair also wishes to advise all hon. members that in assembling and reviewing information over the past days with respect to this entire matter, both the Member for Edmonton-Strathcona and the Solicitor General were most co-operative. The Solicitor General did inform the Chair that the Member for Edmonton-Beverly had toured the Belmont correctional facility since he had become Solicitor General, but approval for this visitation had been granted by his predecessor and had occurred prior to the current review of the visitation policy.

Thank you.

head:

## Orders of the Day

head:

## Government Bills and Orders

head:

### Second Reading

#### Bill 34

### Appropriation (Alberta Heritage Savings Trust Fund, Capital Projects Division) Act, 1992

MR. JOHNSTON: Mr. Speaker, we've had a debate which ended last night on the capital projects division of the Heritage Savings Trust Fund, and as all members know, this Bill simply appropriates the money to carry out that expenditure profile. The total amount of money is listed in the Bill as between departments. The ministers have had an opportunity to present their position, and members of the opposition have had an opportunity to question the various members on these appropriations. Accordingly, I move second reading of this Bill.

SOME HON. MEMBERS: Question.

MR. SPEAKER: Edmonton-Kingsway.

3:40

MR. McEACHERN: Thank you, Mr. Speaker. A few comments about this Bill. This being second reading, it is the section in which we are supposed to talk about the principle of the Bill. The principle of this Bill is that \$102,384,000 of heritage trust fund money is going to be spent in the capital projects division. Now, since the capital projects division of the heritage trust fund has no money of its own, that means it will come out of one of the other divisions, probably the cash and marketable securities section, which has some \$4 billion in it.

Mr. Speaker, the various other sections of the heritage trust fund have in total about \$12 billion in them. Each year the Treasurer spends some of that money in the capital projects division of the heritage trust fund, and each year we stand up and say that that is not where these expenditures should come from. Clearly, these are expenditures that belong in the general revenue budget of the province. There is no reason that Farming for the Future shouldn't be funded out of the Department of Agriculture on an ongoing basis. The money does not need to come from the heritage trust fund, nor the irrigation rehabilitation and expansion, nor the private irrigation development assistance. So it is with the other – the Energy, Environment, Executive Council, and so on – expenditures in this Bill.

The Auditor General has pointed out over and over again that once these expenditures are made, the Treasurer just adds them to previous expenditures in these and other areas. In fact, there's a total of some \$3 billion – the latest figure we have, Mr. Speaker, is from the December 31, 1991, quarterly. Capital projects division of the heritage trust fund expenditures, once they are made, are put into a section called the deemed assets, listed in the quarterly report as deemed equity represented by deemed assets. The latest figure we have is for a total of \$3,258,937,000 of moneys that have been spent out of the heritage trust fund for the university hospital, for Kananaskis, for these items that are presently before us. What the Treasurer does by keeping them on the books is imply that somehow that money is not spent. He spends the money – and make no doubt; the people of Alberta need to know that that money is spent and that we're not going to get it back. We are not going to sell Kananaskis park to anybody; we're not going to sell the university hospital to anybody. At least I certainly hope not. Certainly a New Democrat government would not.

These are assets which the Auditor General says the government has given over to somebody else or has spent the money and is not going to get that money back and in no way is going to be able to claim it as their own again. That's true even of the two foundations, the medical foundation and the scholarship foundation. So he says that we should not be counting that spent money as an asset of the province. Yet the Treasurer consistently spends that money and then doesn't account for it in a way that makes it clear to the people of Alberta that it has been spent. If you notice point 2 on the bottom of page 1 of the Bill, it says, "The due application of all money expended under this Act shall be accounted for," but it doesn't say how it will be accounted for. We would argue on this side of the House that it will not be accounted for properly.

Yes, we've had a little debate on the various expenditures in that budget, and we agree with some of the expenditures, that they are worthwhile expenditures. My colleague from Vegreville talked about the Farming for the Future program and said that it was a good program. Some of these expenditures we have approved as being worthwhile programs, but the way of accounting for them is not appropriate. The money is taken from the other assets, what the Treasurer likes to call the financial assets of the Heritage Savings Trust Fund. That's made up of the other five or six divisions of the heritage trust fund.

At March 31, 1987, there was \$12.7 billion in the financial assets of the heritage trust fund. Through the years, due to these expenditures, that amount has gone down and down and down until we are just under \$12 billion with these expenditures. Because the Treasurer then turns around and lumps in the deemed assets with these financial assets and claims that there is still \$15.3 billion in the heritage trust fund, the people of Alberta are left with a false impression. The Treasurer says the heritage trust fund is not eroded, but in fact since 1987 it has eroded considerably in terms of its real value and of course with inflated dollars as well, so that even more than the \$700 million or \$800 million that I mentioned that it has gone down in the last five years – it's worth even less than that because the dollar today is not worth as much as it was five years ago.

Mr. Speaker, the Treasurer brings forward this Bill and asks the people of Alberta and the people of this Assembly to approve \$102,384,000 to be spent out of the heritage trust fund

from April 1, 1992 to March 31, 1993 for the purpose of making investments in projects which will provide long term economic or social benefits to the people of Alberta but which may not necessarily by their nature yield a return to that Fund, as set forth in the Schedule to this Act, including the amount of \$55,876,000 voted by

section 1 of the Appropriation (Alberta Heritage Savings Trust Fund, Capital Projects Division) Interim Supply Act, 1992.

We've already approved some of these expenditures is what that says. It says that these expenditures may not generate a return for the fund. Therefore, the Treasurer in that line is admitting that these are just expenditures, that they're not an investment that then brings a return, at least not a financial return, back to the heritage trust fund. Therefore, it's not just a moving of dollars around in the heritage trust fund, and the Treasurer is not able to claim – with any credibility anyway; nobody else believes him – that the assets of the heritage trust fund are still \$15.3 billion. He cannot claim that. The financial assets have dropped down by the amount of these expenditures, and that fact should alone tell Albertans that we should not be passing this Bill separately from the general revenue expenditures of the province.

I have spent considerable time over the last couple of weeks trying to explain to Albertans – because there's no point in talking to this government anymore; if they are in the House, they don't listen anyway – the difference between the general revenue expenditures, which is the number the Treasurer likes to throw out, and the consolidated expenditures of this province. I certainly intend to get back to that theme in a little more detail on Bill 36, so I won't take a lot of time now, except to say that on average over the last five or six years the consolidated expenditures have exceeded the Treasurer's budget expenditures – the ones he owns up to and the number that he likes to use – by \$2.2 billion to \$2.5 billion every year, yet the Treasurer does nothing about rationalizing the system.

It's here again in the Auditor General's last annual report, on page 17, for everybody to read. He says:

The practice of including deemed assets and deemed equity represented by deemed assets on the balance sheet is not appropriate nor is the presentation in accordance with generally accepted accounting principles.

The Treasurer fails year after year after year to deal with that admonition by the Auditor General. Basically what the Auditor General is telling him: these kinds of expenditures should not be done in this way, that they have to be accounted for in a more specific and straightforward manner so the people of Alberta know what we're spending. Mr. Speaker, I don't understand why the Treasurer should expect us to go on okaying a procedure that isn't acceptable according to generally accepted accounting principles or to the people of this province.

MR. SPEAKER: Deputy Government House Leader.

MR. GOGO: Well, thank you, Mr. Speaker. Speaking to Bill 34, the appropriation with regard to the heritage fund, capital projects division, one can only assume the Member for Edmonton-Kingsway is the official critic of his party. Here we have on record again the New Democratic Party in this Assembly opposing the whole concept of the capital projects division of the heritage fund. I don't care how he clouds it. He's talking about accounting. Indirectly he is being very critical of the various programs that are funded by the Heritage Savings Trust Fund appropriation Act.

I well understand why the hon. member has no interest in Farming for the Future. I understand that. I understand, Mr. Speaker, because in Edmonton you never go without water. You cannot appreciate the very fact that water brings life to southern Alberta, the very fact that we probably have 3,000 to 4,000 farmers south of Cardston who for 75 to 100 years have provided their own private irrigation, and finally the government recognized that and put in place some assistance. The hon. member for some

reason does not understand – and if I had Genesee 2, I probably wouldn't understand either – the renewable energy research that's going on in this province.

Mr. Speaker, I've listened ad nauseam to the hon. member, who's by any other way critical of what this government has done to help this province through the capital projects division of the heritage fund. He is attempting to cloud the issue in terms of accounting, in terms of what the Auditor General may or may not say. [interjection] It's very clear to me that applied cancer research has hope for many thousands of Albertans, and indirectly he's turned around and said, in effect, on behalf of the New Democratic Party, that that program is not worthy of the funding.

3:50

MR. McEACHERN: Nonsense. That's nonsense, and you know it.

MR. GOGO: I don't understand. I do not understand when the New Democratic Party lays claim to the authorship . . .

#### Speaker's Ruling Interrupting a Member

MR. SPEAKER: Order please, hon. minister.

Hon. member, you yourself are very good at shouting out comments the rest of the time, and you spoke your piece. Now it's up to you to be quiet and to listen. [interjections] Order please, and you will not interrupt the Chair on top of it. Got it? In case your memory is defective, you can look at Standing Order 13(4)(b). Thank you.

Hon. minister.

#### Point of Order Imputing Motives

MR. McEACHERN: Point of order, Mr. Speaker.

MR. SPEAKER: Let's hear it.

MR. McEACHERN: The member across the way is imputing motives.

SOME HON. MEMBERS: Citation.

MR. McEACHERN: Oh, yes, he is. He's imputing motives: 13 whatever it is. I talked about accounting principles, and he started implying a whole lot of things that I didn't say that were supposedly true. He's putting words in my mouth, and he's imputing motives. I resent that.

MR. SPEAKER: Thank you, hon. member. Some members are right. We look forward to citations in future, but at the moment I'm afraid I interpret it as just being your reaction to getting some of your own medicine.

The Minister of Advanced Education.

#### Debate Continued

MR. GOGO: To carry on, Mr. Speaker. It was only the other evening that the official critic of the New Democratic Party with regard to Agriculture claimed authorship of the individual line service to the thousands of rural Albertans. Without the 3 and a half million dollars in here it wouldn't have happened. Here the official critic for his party is standing up and condemning that. I can only assume, Mr. Speaker, that on the record and in *Hansard* today we have the official record of the New Democratic Party, which purports to represent these tens of thousands of Albertans,

very clearly opposing the use of the capital projects division of the heritage fund. If they wish to withhold their support, so be it, but I can assure you that this government made its pledge to the people of Alberta and will carry it out through the continuation of the Heritage Savings Trust Fund and the passage of Bill 34.

MR. McINNIS: Mr. Speaker, I would like to address a few comments in second reading of Bill 34. I certainly agree with the acting Government House Leader that he doesn't understand, as he said several times. He clearly didn't understand what the Member for Edmonton-Kingsway said, because if he did, he wouldn't have made the comments that he did. We're darned sure that he didn't say what he said he said. We're darned sure of that. In fact, I think the record will show very clearly that he didn't say anything like what the hon. acting House leader said he said.

AN HON. MEMBER: Agreed.

MR. McINNIS: He didn't say that at all.

Now, the difficulty here: we're talking about our province's heritage, and I think that's exactly what the acting Government House Leader was talking about when he interjected his remarks in the record on second reading of this Bill. These are investments from the Heritage Savings Trust Fund, so they're part of the heritage of this province, which are being invested in projects which by their nature don't earn an economic return but have economic or social benefits nonetheless. I believe the Member for Edmonton-Kingsway is entitled to be critical, as I am, of the way this government has handled our province's heritage, because there were billions and billions and billions of dollars that passed through the Treasury in terms of oil and gas nonrenewable resource revenues, which in effect were assets stripped from this province, the sale of a nonrenewable asset. It was very clear when the Heritage Savings Trust Fund was set up that some small portion of that cash flow stream was to be reserved for future generations.

Well, what is the heritage that this government's passed on from the petroleum wealth of the province? It's the heritage of NovAtel. It's the heritage of all of the economic fiascos which have to be paid for from the heritage of our province, from the sale of a nonrenewable asset. I believe that if this government had any sense at all, it would have tried a lot harder than it did to get for Albertans somewhere in the ballpark in terms of value in relation to what we gave away, because the value of those nonrenewable resources is there on the record. It's an extremely high value. The value of some of these investments from the heritage fund and the expenditures from the general fund, all funded by this stream of petroleum dollars – you know, it was a great game for the governments of the '50s, '60s, '70s, and '80s to spend money without having to tax. That was the key to popularity. That was how they racked up these enormous electoral victories: spend, spend, spend, build facilities, programs, plaques put up. They're all over the place, but who's paying for them? Why is our budget so fundamentally out of whack? Why is it that the Treasurer can't bring in a balanced budget, even when he stood up here with a straight face and said that he had?

Now, I think we have to question what's happening on an ongoing basis from this Heritage Savings Trust Fund, in particular the capital projects division. If these are things that are of value for future generations, they should be supported, but if they're things like subsidies for ongoing private industry, what kind of a heritage is that? Let's look at Forestry, Lands and Wildlife, the Pine Ridge reforestation nursery enhancement: what's that all about? I'll tell you what it's all about. It's all about the govern-

ment growing seedlings free of charge for the forest industry so that the industry can meet its so-called obligation for reforestation in the province of Alberta.

We have a reforestation policy which is about as clear as mud in this province. We have a minister who says that the trees have to be free to grow and that it's the industry's responsibility, but we have a Treasurer who brings in a Bill that says we're going to subsidize the cost of growing those seedlings, 100 percent by the taxpayers, and that's coming out of our heritage. He says that the Free to Grow standard is going to apply across the board; the industry says, "But we can't do that without herbicide." Are we going to have herbicides in our province? They don't know. They haven't got any answer for that. All they've got is a bill for \$1.127 million to pay more ongoing subsidies for the growing of seedlings for industry free of charge.

What about grants for private irrigation projects? Is that really part of our heritage, hon. member? Is that what he's talking about? I don't really believe that he has any credibility when he says what he said the Member for Edmonton-Kingsway said, which I know he didn't say. I think we've got some questions that need to be answered, in particular about these ongoing subsidies to private industry which were provided from the Heritage Savings Trust Fund. I'm hoping that the minister will read more carefully in *Hansard* before he engages in such outbursts in the Assembly, and I'm hoping that the Minister of Forestry, Lands and Wildlife will come to this Assembly, in committee if not in second reading, and explain why we have to provide ongoing subsidies for private industry from this part of our heritage.

Thank you.

MR. SPEAKER: Edmonton-Centre.

REV. ROBERTS: Thank you, Mr. Speaker. Further to other comments from this side of the House – which make a whole lot more sense than the comments from the Minister of Advanced Education, who maybe should go out and get himself a degree in accounting. Certainly, if he got any kind of degree in accounting, which is readily available at the 29 board-governed institutions in this province . . . [interjections] Twenty-eight? However many. There are many good schools of accounting which maybe the minister and maybe the Treasurer should avail themselves of. I mean, the Treasurer already knows how much trouble he's in by the accountants' group of Alberta having written him earlier this year telling him just how completely out of whack he is with his budget projections and the rest.

[Mr. Jonson in the Chair]

What I take issue with is not just the misrepresentations, the purported points raised by the Minister of Advanced Education about the Member for Edmonton-Kingsway – what we're really talking about here is how the funds are accounted for. We'd like to have a better sense of the accounting of the funds if we're going to be appropriating another \$102 million, as we are today, through the heritage trust fund to what are going to end up being deemed assets of the province. Then to have the Provincial Treasurer, the members of Executive Council, the members of the government over there going around purporting to say – Mr. Speaker, I do say purporting to say – what the fund is worth.

Now, it's the task of accountants in the business world, as I understand it, to get an evaluation of worth and assets and losses and equity. To be able to say what something is worth is no easy task. It might be worth something today that it isn't worth tomorrow. It might have had a value in the past which has in fact

depreciated over time. My point is that time and time again with this Treasurer and with this government, their accounting practices are just completely sloppy and inadequate. I mean, not only does the Auditor General, the chief accountant of the province, have to point this out to them, but we have to stand in here year after year, in some ways going around in circles of this government, telling them that this is completely inadequate.

4:00

What I would like to ask in terms of the principle of this Bill at second reading, Mr. Speaker: the principle of accounting for depreciation. Now, it seems to me that in any balance sheet, in any fiscally responsible accounting procedures, there is an amount written in for depreciation expense. It's not just an investment that we put into this building, particularly in these capital funds which build up over time because we keep putting money into them. As anyone knows, that value has, at a certain percentage, to be written down from year to year, a certain depreciation expense. There are a variety of ways of accounting for depreciation. I don't see any such method being used by this Treasurer with respect to the capital appropriation from the Heritage Savings Trust Fund.

Now, there are deemed assets. I'd like to know what the deemed depreciation is of these assets, whether he's using a straight line depreciation, if it's just according to the book value or the market value, what these investments are, how much of them will represent sunk costs. For instance, with the Husky upgrader there are a lot of sunk costs in that project. Now, there will be equity which will be returned in time and maybe profits from that investment and that equity represented on the positive side of the balance sheet, but as we know, there is the loss side of the balance sheet which represents the sunk costs, the depreciation, the amount where there will be very little rate of return on the equity because they have to pay out and the equipment will become less and less valuable over time. We see this time and time again with hospitals in this province. I mean, what is the average life of hospital buildings? It would be interesting to try to calculate that. I think they can mostly be written down after about 15 years. Some are totally replaced within 20, 25 years, yet that depreciation expense, that write-down, is never really calculated. I don't see what the complete inventory is of the value of those investments.

Mr. Speaker, I just want to raise this again. I raised it last year and the year before. I think it shows sloppy accounting methods, poor stewardship of the resources, not because we don't believe in Farming for the Future or we don't believe in health care or we don't believe in water management and irrigation districts. All we believe in is having a proper evaluation of the worth of those investments in that asset.

Now, there are methods, as I've said, that accountants use to be able to calculate this so that in the sense of an accrual accounting basis you can better plan. This sort of cash-basis accounting from year to year – transactions in, transactions out – doesn't fairly represent the full economic financial power leverage of this government and its \$12 billion worth of expenditures, let alone through the trust fund, so we'll be able to have a better accrual accounting, be able to have better understanding of both the book value and the market value of the investments, what are sunk costs, give us a better sense of how to plan, certainly how the bond raters throughout the world who look at our accounts take this into account. They don't just look at what is represented by this Treasurer and by this government in terms of what they say are the assets of the province. They no doubt look at what the

Auditor General says about what are deemed assets. In fact, I quote from the Auditor General's report, Mr. Speaker, that says:

The financial position of the Fund would be better understood if the deemed assets and deemed equity represented by deemed assets, which both amount to \$3,197,338,000 were not included.

And today we, the members of this Legislature who vote for this Bill, by this accounting method will be adding to this \$3.2 billion which the Auditor says should not be included.

Whether it is misrepresenting the true value and worth of this investment of the assets, it's certainly not, as the Minister of Advanced Education said, a way of us misrepresenting the value and worth in a political sense of what these dollars represent. We want to know from an accounting sense what methods can be generally agreed to by accountants in the field so that we can know truly what the worth of these investments will end up being, which includes an accounting for the depreciation of these assets over time.

MR. ACTING DEPUTY SPEAKER: Further speakers? Seeing none, the hon. Treasurer to conclude.

HON. MEMBERS: Question.

[Motion carried; Bill 34 read a second time]

### Bill 36 Spending Control Act

MR. JOHNSTON: Mr. Speaker, in moving second reading of the Spending Control Act, I'd point out again that this is a very important piece of legislation to ensure that those areas of program spending which are normally voted by the Legislative Assembly and for which normally ministers are accountable are controlled. In this Act the control is in fact the simple control of the amount of program expenditure that can take place between 1992-93 and '94-95. In fact, there's a decreasing function moving from 2 and a half percent down to 2 percent by quarters at an interval. Accordingly, this puts a tremendous focus on our program expenditures in the near term and I think will certainly complement the work that's already been done by this Legislature and this government to control the size of our expenditures. In fact, our expenditure record I think has been as well controlled as any government's. Certainly in comparison over the last five years our expenditures are below those of any other government. Accordingly, this Bill will simply ensure and impose upon us the discipline necessary to control expenditures still further over the three-year period ahead.

[Mr. Deputy Speaker in the Chair]

The second aspect of this Bill, Mr. Speaker, which is probably more indirect than direct, is in fact a provision which is not stated so much, and that is that should there be a sharp increase in revenues, or any increase in revenue, for that matter, then of course that revenue will go right to the deficit because we already have imposed the spending control limits. Therefore, any revenue increase would go right to reduce the deficit as opposed to being available for spending. That's an important signal, because we do intend to balance the budget over the near term. In doing so, we have to reduce the deficit, and one direct aspect that's within our control is in fact the program spending.

The third point of this piece of legislation, Mr. Speaker, I think responds to some of the suggestions from the opposition parties in that should we exceed the 2 and a half percent estimate of program expenditures, then we'll have to come back into the

Legislative Assembly and ask via an appropriation Bill for additional dollars which normally would have been provided by special warrants by Executive Council. It will have to be voted by appropriations through the Legislative Assembly. We do have some flexibility; we do have an opportunity to move to the 2 and a half percent level. If that 2 and a half percent level provides any opportunity for flexibility through special warrant spending, then of course we can proceed, but anything above the 2 and a half percent will have to be voted here in the Legislative Assembly by way of special warrants. The opposition parties, if they like, can block important expenditures on forest fires or any other emergency which normally is funded by a special warrant. They will have a say in whether or not that expenditure moves forward.

Mr. Speaker, that's an important step which confirms our view that legislative authority should be there should special warrants be required. In fact, I can assure you that given the very few dollars which we have remaining to pay for any special warrants expected, we will be back with an appropriation Bill this fall to do just that, to ask for more money. How much remains to be seen, and I'm hopeful that the stringent controls we have in place, including program review techniques and other discussions with our client base, will allow us to control the expenditures still further.

4:10

Mr. Speaker, there is some discussion which could take place, I'm sure, on the technical nature of the Bill. There is a definition section which is at the front of the legislation. I may leave those kinds of technical discussions to the committee study, but at this point I think this is an important piece of legislation for us. It was outlined in our budget. It confirms our view on expenditures of programs and the necessity to control what we can within our area. It allows for any increase in revenues to go directly to the bottom line, to the deficit reduction. It ensures accountability to the parliamentary process for special warrants. Finally, still further, it sends a signal to other user groups that in fact we mean business about our control position, and that means that if you're looking into the '93-94 budget year, you'd have to expect that you'd see a reduction in our transfers likely, given the limits of our program spending. How much is uncertain, but given the real rate of inflation, which is now before us, of 1.3 percent in the case of Alberta, in fact we're in a very new position with respect to expenditure control being afforded by the monetary policies and the inflation policies of the Bank of Canada, which have afforded us an opportunity to control still further our expenditures.

Mr. Speaker, I would encourage all members of the Assembly to support this Bill in second reading. It's unique to the provincial Legislatures, it's an important piece of legislation for Alberta, and it complements our already well-defined, well-understood fiscal policy, which is moving towards a balanced budget.

SOME HON. MEMBERS: Question.

MR. McEACHERN: Don't you just wish you could call the question without having any speeches on this Bill?

This Bill just points out the hypocrisy of this government more than any Bill ever. I cannot believe the gall of this government. The idea of setting spending limits on yourself for a start is just childish. I mean, what you're really saying to the population of Alberta is, "I can't be trusted to look after the expenditures of the province properly, so I'm going to pass legislation that says I'll have to," and as long as you're in power, as long as you've got 58 or 59 seats out of 83, you can do whatever you please. So this Bill is just window dressing. It's a feeble attempt to hang on to

the Reform Party vote in this province because they failed so miserably to balance the budget after six years.

Every year they've promised a balanced budget just down the road. First it was in three or four years. It stayed three or four years a little too long. Then they had to bring it down a little bit, and in '89-90 they said it was in two years for sure. The next year, sure enough, the \$2 billion deficit that was institutionalized by this time became a billion dollars even though, of course, it was just a fiction. It turned out to be \$1.8 billion when the Auditor General brought out his books, nearly double. Of course, the next year he had a balanced budget. Wonderful. Oh, the glory and the hallelujah among the Reform Party supporters of this government and the Conservatives saying, "Look, we did it." They went off to the convention, and everybody was happy. "Oops," he says next year, "I guess I was wrong," and he admits to a \$1.6 billion deficit. At this stage he gives up trying to balance the budget and says: oh, well, you know this recession that we've been denying for a year and a half really is still with us, so I guess we'd better stimulate the economy. So he comes out with the only honest budget he's ever brought out, this \$2.3 billion borrowing power, except that of course he still hasn't done the job of accounting for those expenditures which he doesn't put in his budget.

By the way, if you listened to his remarks a few minutes ago, he talked about the budget deficit part as if it was the only part he's in control of. That's sheer nonsense, Mr. Speaker. The other 2 billion to 2 and a half billion dollars in expenditures that the Auditor General includes in the consolidated statements of the province is very much under the thumb of the Treasurer and in fact is even accounted for in the way the Treasurer tells the Auditor General he has to account for them. Sometimes they have quite a fight about deciding how to do that because the Auditor General has some integrity about how the people of Alberta should be presented with the books in Alberta, and the Treasurer of course wants to manipulate it to make it look as advantageous as possible to the government. The Treasurer is in full control of all of the expenditures of this province except that sometimes things get out of hand and he has to go "Oops" again when NovAtel suddenly costs him another \$400 million and some.

Mr. Speaker, for this Treasurer to try to placate the Reform Party types in this province, those people who want to slash budgets everywhere – slash taxes, slash government involvement, slash education, slash health care – all those people are really upset with government over this expansionary or stimulative budget. So in order to try to placate them, the Treasurer says: I know what we'll do; we'll promise to control spending this year, next year, and the year after; we'll hold it down to 2 and a half percent this year, 2 and a quarter percent next year, and 2 percent the year after. Well, if he was talking about the whole budget, maybe that wouldn't be all that bad an idea, although I think he needs to take a look at both the revenue and expenditure sides and the gap that is now institutionalized and try to make some more concrete plans. He keeps talking about his great fiscal plan, and of course there's been none. He drew a graph back in '87-88 and said: we're going to balance the budget over four or five years. He drew a picture and said: this is what we're going to do. Of course, he didn't come anywhere near close to it.

I remember when they were halfway through and were way off track and they were standing up and saying: we're really close, we're right on target; this year was a mistake, but next year we'll be right on target. That's been the picture. There was no plan. None at all. What his plan is now is to hope to God that there's going to be a 6 percent growth every year for the next five or six years to help us get the deficit under control.

This minister has no plans whatsoever. He just talks a good story and obfuscates the books to the point where it's very, very difficult to sort them out, but I've made it my life's ambition in the last six years and I've got him figured out. We have totally destroyed his credibility. Anything he stands up and says in this Assembly about the books of this province: nobody believes him anymore. It took a lot of doing, but we've done it, and thank God, because now we can get on with some honest figures about what's going to go on in this province.

The minister is, of course, applying this only to the general revenue account, the part that's passed in the Assembly under his budget. Like I said a few minutes ago, he was trying to claim that that's the only part he's in control of. Not true, Mr. Speaker. He's also in control of the Capital Fund, but that's not going to be under this legislation. He's also in control of the heritage trust fund, which we just passed a few minutes ago, some expenditures there. He's in control of that too, but that's not going to be covered by this legislation. That isn't the end of it. There's a whole raft of other things that this Treasurer is in charge of, things that are set up in sort of an ongoing basis: spend tax dollars, and in some cases there are offsetting revenues and in some cases there aren't. I've already mentioned a couple of them.

I guess we could add to that list the Capital Fund, the heritage fund. We could add the Lottery Fund. The debt servicing costs aren't going to be under this restriction. "Valuation and similar adjustments and obligations of the Crown . . . under guarantees and indemnities" will not be under this restriction. Now, I like that one, the Crown guarantees. I mean, how about NovAtel for a guarantee? Wasn't that a great guarantee? Four hundred and thirty-five million more than the \$131 million expenditures that they put into the 1990-91 budget. Now he's saying that most of the rest of the \$566 million will go into last year's budget. That's another \$435 million that's got to be tagged on to his "oops" of a \$1.6 billion deficit that was supposed to be a balanced budget. I'll bet that didn't include the \$435 million.

So there's the \$2 billion that we've said all along that it was going to be, but there are some other things there as well, because we weren't counting on that either. We didn't know that NovAtel was going to be such an incredible disaster.

Actually, I think we could also add some loans and investments, unless they were specifically passed in the Treasurer's budget. This government does a lot of loan guarantees outside the budgetary process, and often they turn those into equity investments. Sometimes they're done in combinations with loans. Most of the loans I think are included in the budget, so they may be covered there, but you don't know quite what arrangements they'll make with a company once they're into financing a company or giving them guarantees, and we may end up sometimes with investments which are not passed by this Assembly.

4:20

There are other special expenditures that are not voted under general supply. I've listed a few of them: the Alberta Municipal Financing Corporation, any expenditures we might get out of that. Actually, they don't really affect anything much because it's sort of money in and money out, although there's an interesting little problem, and I want to stop for a minute. The present budget, the one that the Treasurer says is \$2.3 billion and that he's going to hold to a 2 and a half percent increase for this year, does not include the \$252 million of the Capital Fund and the \$102 million of the heritage fund which we just moved along in a Bill a few minutes ago. One of the other items that I've been saying had to be also added to that was the \$300 million claim that the Treasurer was making from the Alberta Municipal Financing Corporation.

Now, it turns out there's a bit of a problem there. I assumed that the Auditor General included the Alberta Municipal Financing Corporation in the consolidated statements of the province. I want to take a minute to explain this, because what I said in the House the other day ended up not quite correct, and there's a very interesting reason why. [interjection] Well, you'll see the explanation if you just bear with me for a minute.

If you were to turn to page 1.17 of the latest public accounts, you would find that the Treasurer lists the unmatured debt of the province for March 31, 1991, as \$15.7 billion. Now, I have been fair in my analysis of the numbers for this province, so what I and the New Democrats have done is look at that list. It includes the General Revenue Fund, some \$8.6 billion, the Alberta Municipal Financing Corporation, \$3.9 billion, the farm credit stability program, \$1.4 million, and so on and so on. What I've always said is that the Treasurer is not responsible for the debts of the municipalities under the Alberta Municipal Financing Corporation. Therefore, we subtracted that nearly \$4 billion from that, and we get \$11.7 billion or \$11.8 billion as the unmatured debt at that time. Now, that happens to be a billion higher than the Treasurer owned up to in his budget last year. That just makes me suspicious that his \$12.1 billion in this year's budget is also a little light, that he's over \$13 billion, heading for \$14 billion. That's another justification for that statement I made the other day.

The problem with the \$300 million is this. The Auditor General by including the Alberta Municipal Financing Corporation unmatured debt here led me to believe – and I didn't ask him about this specifically – that he included those figures in the assets and liabilities statement for the consolidated basis of the province's books back on page 1.4. So I said that if you take those \$300 million out of moneys that the Auditor General counts and put it into the part the Treasurer talks about, this \$2.3 billion, you have to turn around and add it on again when you're talking about the consolidated picture, because clearly just moving it from one part to the other does not change the consolidated picture.

However, I was talking to our researcher this morning, and he said that he asked the Auditor General and the Auditor General did not count the \$300 million as part of the consolidated balance sheet. Sure, it's over here on page 1.17 where he's talking about unmatured debt because the Alberta government guarantees that Alberta Municipal Financing Corporation debt, but he does not include it in the balance sheet, which I did not realize. So it's fair enough to leave, then, that \$300 million off, but the reason the Auditor General didn't count it was because he believed that that \$300 million belonged to the municipalities that use the Alberta Municipal Financing Corporation, not to the Treasurer. But the Treasurer comes along and says, "Oh, no; I'm going to use the Financial Administration Act to assert my authority," and took the money.

So I apologize to the House for saying the other day that you could already add up the Treasurer's deficit to nearly \$3 billion right now without some of these odd other things that the Auditor General is going to count. You see, I thought you just had to add to the \$2.3 billion the \$252 million from the Capital Fund, the \$102 million from the heritage fund, and this \$300 million, and you would be at \$3 billion approximately, but now I will back off the \$300 million.\*

Now, with NovAtel having gone under, if he puts the \$435 million that's he admitted to into last year's, that portion of the \$566 million beyond the \$131 million that they put it into the year before, there will be more NovAtel stuff. So take heart everybody. That \$300 million will get made up in a whole range of

odd things of other guarantees and indemnities of one kind or another, some of which, by the way, the Treasurer has already pushed back into previous years. You'll see that one of the reasons that the Treasurer had to ask for \$4 billion in borrowing power is because he's got a lot of things to put money out on, some of these indemnities and guarantees which the books have already accounted in previous years. You know, he adjusted the books for the last five or six years and dumped a lot of the present expenditures into previous years, going as far back as 1985-86. Totally ridiculous of course. I'll get back to that point and give some new numbers in the debate on Bill 37.

I've listed some of the things. I had to stop and explain that about the Alberta Municipal Financing Corporation, but there are others. There are the health insurance costs, partly covered by premiums. The premiums come in and cover part of the health insurance costs. That inflates the expenditures, and it inflates the revenues, and so the figures that the Treasurer puts into his normal budget are not all of the figures. Utility rebates is another one. The school foundation program inflates the numbers again. Hail and crop insurance inflates the numbers. The farm credit stability program administration costs, the small business term assistance plan administration costs, the Alberta heritage trust fund medical research foundation, and so on: there's a number of things that inflate the Auditor General's consolidated picture compared to the Treasurer's narrow budget that he likes to talk about, and those are the only figures he likes to talk about. He tried to tell us a minute ago that all the ones that he's in charge of are the ones that we're going to be controlling the spending on. The fact of the matter is he's in control of the whole ball of wax. Everything that the Auditor General accounts for, the Treasurer has his finger in the pie, is the controlling person. He's supposed to be the controlling person. If he's not, that means he isn't able to take his caucus with him.

Now, the Treasurer likes to brag that he actually has done a pretty good job. In his budget book he said that over the last several years the increase in program expenditures, which is the one he's trying to control, has been 2.3 percent only. Well, if it's been that darned good, why do you have to pass a law to keep it at that level?

The fact of the matter is, Mr. Speaker, that if we look at the consolidated picture, which the Treasurer is supposed to be in control of, and turn to page 114 – I've said this a lot of times in this House this session, and I wonder how many people have bothered. I guess nobody over there really wants to make the Treasurer out that he doesn't really tell all the truth all the time. If you look at page 114 of the Auditor General's last annual statement, taking us to March 31, 1991, he lists the figures for the last three years for expenditures. In 1988-89 the expenditures were \$13.2 billion; in '89-90, \$14.2 billion; in '90-91, \$15.2 billion. That's an increase of 7 and a half percent in the second year over the first figure and 7 percent the third figure over the second. That's the consolidated picture; that's the whole ball of wax. So where does he get off telling the people of Alberta we've kept program expenditures to 2.3 percent? It's just sheer nonsense.

He just takes some of the numbers, and what he counts into it is his projections of what he hoped to do last year and what he hoped to do this year. Last year you'll remember he said he had a balanced budget when he didn't have one. That's where those numbers come from, from what happened on the general revenue side only, not on a consolidated basis. Then in the last couple of years he was just using his forecasts and his projections of what

\*see page 1546, right col., para. 3

he hoped to do. So he gets this figure 2.3 and bandies it around the world and stands up and says: we're the best in all the provinces in Canada. Based on what kind of analysis? Partial analysis, selective figures, guesswork on a couple of the numbers that he must have used.

I did the figures on a consolidated basis from '85-86 to '90-91, which are the only hard numbers we have, and the increase in expenditures was 4 and a half to 5 percent a year right through the whole period. It was a \$2.6 billion increase in expenditures over the five-year period on a base of, I believe, \$12.6 billion. On a consolidated basis that's the only possible reasonable figure to use to explain what's going on in the province. To use any of the other numbers, one should admit when you're using them that they have limited applications. Yet the Treasurer doesn't do that; he isolates these specific numbers, makes them sound good, and then pretends that's the whole picture. In the balanced budget book he brought in last year, in his forecast he quoted the year before as being a \$1 billion deficit year. He quoted that figure, and it was quoted all over the papers and passed around the world as if it were the final figure. Those of us who know the game know he was just talking about his expenditures here in the General Revenue Fund and the general expenditures of the province. We knew that the consolidated picture would be close to \$2 billion. Sure enough, it turns out to be \$1.8 billion. But we don't hear about that until a year later when the Auditor General brings out the books and proves that to be the case.

#### 4:30

Mr. Speaker, over several years in this discrepancy between the figures the Treasurer likes to talk about in this budget and the consolidated picture, the differences have varied from \$2.2 billion to \$2.5 billion. In 1990-91 the Treasurer said his expenditures would be \$13 billion, but the consolidated picture was \$15.2 billion. To pick a couple of other years at random: in 1989-90, \$12 billion was what the Treasurer said he was going to spend; the consolidated figure was \$14.2 billion. If you go back to '87-88, the Treasurer claimed expenditures of \$10.4 billion, but the consolidated figure was \$12.7 billion. So the fact is the Treasurer doesn't account for all the books in his province in a straightforward way and give us a consolidated picture as to just what's happening, and he should.

The deficit, of course, is related to how big a discrepancy there is there. As well as the expenditures being 2 to 2 and a half billion dollars higher than what the Treasurer talks about in his budget each year, the revenues are around 1 and a half billion dollars higher. The difference depends on just how much the Treasurer decides to kid us about what the books would actually show.

It was rather interesting following through the last six years in terms of deficits, and this was before the Auditor General decided to adjust them, which I still think is a more reasonable way to look at things, but I'll leave that debate for another Bill. The first year, the year of the really big collapse in the price of oil in this province, 1985-86, there was a balanced budget because it sort of came at the end of that year. It was really the next year that got nailed, that \$4 billion deficit we had on a consolidated basis in 1986-87. The difference between the figures the Treasurer was putting forward as the deficit for the province and the consolidated deficit shaken out at the end of a year or two, when the Auditor General got his hands on the books and got the actual number sorted out, was \$600 million. The Treasurer at that stage used to do a combined deficit, he called it, of the expenditures of the general revenue account and the revenues and the heritage trust fund expenditures. He called this a combined figure and said it

would be \$3.44 billion in his forecast. The year before he said it was only going to be 2 and a half billion dollars, but in any case when he got to the forecast point, he said it would be \$3.44 billion, or should I say that's what it was when you added the heritage fund and the General Revenue Fund together. The consolidated figure was \$4 billion, so there's a \$600 million gap there.

That gap narrowed down over the next few years to \$400 million, \$200 million, and one year, the year he took \$250 million in lottery money, they were actually almost equal; the deficit was almost equal on both sides. But would you believe that in the last public accounts we have, '90-91, that gap is up to \$600 million again? I guess that would count the \$131 million if the Treasurer had got around to including it before those books were published for NovAtel. In any case, what that indicates to me is that the Treasurer is being more and more sloppy about making sure some things are hidden as long as possible. That leaves it up to the Auditor General to come along at the end and account for what's happening and put it together so we get a final figure as to just what the expenditures were, just what the revenues were, and how big the deficit is. I guess what I'm really saying is that you can't trust the Treasurer's figures. They're only partial figures. He's changed the accounting processes and procedures several times.

There's one that he never explained. That was on his '90-91 budget figures when he was claiming that his budget deficit would only be \$780 million. In that year he had a net cash requirement of some \$1.76 billion. I sort of asked him a lot of questions about why and how that worked. He never did explain it. When we got around to getting the Auditor General's report on it, we saw that the consolidated deficit was \$1.8 billion. Even though he changed back some of the accounting procedures to what he had originally forecast, nonetheless the deficit still ended up as big as I said it would be but with no explanation from the Treasurer as to why those numbers were what they were. I'm afraid, Mr. Speaker, that's traditional for this Treasurer: tell as little as possible, and what you do tell, make it sound as good as possible so it looks like the government's in control and knows what it's doing.

In fact, after six or seven years we've totally destroyed this Treasurer's believability in this province in terms of the accounting for the books, and this Bill puts the final and finishing touches on it. To have the gall to bring this Bill in alongside a \$4 billion increase in borrowing power Bill, Bill 37, is absolutely incredible. How can anybody claim they're in control of the finances of this province and say they know what they're doing and how they're going to control expenditures when he's had to increase his borrowing power from \$2 billion a year consistently over the last several years to a \$4 billion increase, an increase from 13 and a half billion dollars to 17 and a half billion dollars in Bill 37? Right alongside it he says, "Here's this Bill that's going to make sure we control our expenditures." Mr. Speaker, nobody believes him, least of all those of us on this side. The whole population of Alberta doesn't believe him. When is the next NovAtel coming along, for one thing?

Mr. Speaker, I don't really see much point in voting for or against this Bill. The government will obviously push it through, but it is so hypocritical it's laughable. The other day when the Treasurer got up and tried to make a speech on first reading, when he's not supposed to make a speech, I might point out - he's supposed to introduce the Bill in two short, sharp sentences like all the rest of us do - it's no wonder that when he made that speech the laughter was so derisive he had to sit down and keep quiet for a while. It served him right. Then the gall for him to say we were being rude. I mean, how can anybody bring in a Bill to borrow \$4 billion extra and at the same time bring in a control-

the-spending Bill? This guy is totally out of control. The only way we're going to get control of him is to get this government out of office and get a New Democrat government in office to look after the books properly. [interjections]

I will quote you Saskatchewan. In Saskatchewan the Blakeney New Democrat government ran 11 balanced budgets in a row and left a \$2 billion surplus in 1982. In nine years the Devine Conservative government had nine deficits and left government with a \$13.9 billion deficit. We are the party of fiscal control, not the Conservatives, not the Liberals, and we will show that to be true to the people of Alberta when we get our chance.

MR. DEPUTY SPEAKER: The hon. Member for Edmonton-Meadowlark.

MR. MITCHELL: The operative question, Mr. Speaker, is: when would they ever get their chance? Having asked that question, I think there are some comments this Bill requires.

It is interesting, Mr. Speaker, that it is very, very difficult to find what could be the legitimate reason in this Treasurer's mind for bringing in this Bill. The Treasurer, for example, has told us over and over and over again that he has limited program spending to 2.3 percent per year since 1985-86. So if spending is the problem and he's already limited it to 2.3 percent per year, why is he putting a cap in the first year at 2.5 percent? I mean, this isn't even as good as what he claims his limit to this point has been. This wouldn't be an improvement even in his own context, using his own figures. This wouldn't be an improvement in his limit; this would be an increase in the limit of expenditure.

4:40

He defines the problem, he continually tells us that he has in fact limited expenditure, and then he turns around and tries to take credit for introducing an expenditure control Bill. Well, it makes no sense, Mr. Speaker. In fact, he says the problem with his deficits hasn't been expenditure control; it has been revenue shock. Then why doesn't he bring in a Bill that recognizes the revenue reality? The fact is that you can't just control expenditure in isolation; you have to consider expenditure in the context of your revenues. This Treasurer has given us no logical argument, no understanding of why he is bringing in this Bill in the face of the contradiction to the various arguments he has made in defence of his own budget. He says he's controlled spending to 2.3 percent; he puts a 2.5 percent cap on expenditure. He says spending, however, isn't really the problem, and then he brings in an expenditure control Bill. He says revenue shock is the problem, but he doesn't bring in a Bill that reflects a revenue reality.

Mr. Speaker, left with that analysis and that logic, one can only conclude that the Treasurer's Bill is nothing more than public relations. He is trying to communicate a message to Albertans that somehow he has become the Treasurer of tough-minded expenditure control measures when in fact his record indicates that isn't the case. His record indicates that to the extent he can claim any control at all, it is only over a very limited and selective feature of his areas of responsibility.

[Mr. Speaker in the Chair]

There are some substantive problems with this Bill, Mr. Speaker. In fact, it doesn't really constitute a limit at all. I admit that this is a process problem. He says he's going to limit expenditure, but he can turn around and increase expenditure through special warrants. He, of course, puts no limits on special warrants, so in effect de facto there is no true limit on expenditure.

The second and very critical feature of this Bill is that it excludes areas of expenditure which are his responsibility over which he does not impose a cap. He doesn't include in this cap increases in interest carrying costs. He doesn't include in his cap the Capital Fund. It isn't inconceivable, Mr. Speaker, that the Treasurer could take all capital expenditure out of the General Revenue Fund, out of what he calls program funding – for example, the capital expenditure that exists that's put into the transportation department now – and put it into the Capital Fund and increase the Capital Fund as much as he wants because he's excluded the Capital Fund and expenditures under that fund from this so-called expenditure cap.

Of course, he also excludes guarantees. He says: I'm not going to put that into the 2 and a half percent cap. Well, it may be that that would create huge problems for him. Certainly we've seen that a \$500 million sudden shock to a given year's budget, as in the NovAtel case, or a \$250 million shock would certainly skew and cause difficulty. At the same time, Mr. Speaker, what this Bill means, I would think, is that he could relate excess expenditure over and above the 2 and a half percent cap to a shock like NovAtel and then not have to bring in a special warrant to the Legislature for prior approval to pick up that expenditure. So it gives him a way of getting around bringing special warrants to the Legislature if he wants to define the reason for the special warrant as not being something that falls under his expenditure cap. In effect, that's a particularly distressing problem, because if there is any advantage in this Bill at all – and they are limited – it is that the Legislature would have to approve special warrants before rather than after their implementation. But he has a weasel; he has a way of getting around that by relating the need for a special warrant to some unforeseen expenditure increase that doesn't fall within his definition of program expenditure.

We could have, for example, in a budget that came in, a 2 and a half percent increase in program expenditure. We could have another failure of the magnitude of NovAtel costing \$500 million. He could then go out and say: "Well, now my budget's gone up 5 extra percent, but I don't have to bring a special warrant to the Legislature to raise that \$500 million in the fall because that expenditure increase didn't fall within my cap. I can spend another \$500 million, find that \$500 million from somewhere and just do an after-the-fact special warrant report as is now the case." So that one slim advantage, that we would get prior approval, can be skirted. The Treasurer shakes his head and I want to believe him, of course, but knowing how these things occur, one day we don't have a Capital Fund and the next day we do. All of a sudden, one day we take responsibility for capital expenditures; the next day we don't have to. We don't have to consolidate Capital Fund debt; we just created this new fund. I mean, all of a sudden there are ways to manipulate it. That's one way it could be manipulated.

The other very, very subtle but I think very significant feature of this Bill is what it does to the Legislature's authority through the voting structure. The time-honoured tradition in this Legislature has been that when the Legislature votes on vote 1 or vote 2 or vote 3 of a given department's budget, that department, the cabinet, that government cannot move money from one vote area to another vote area because they have always honoured the authority of the Legislature. Now that is going to be changed. What this Bill does – and I hope all these guys over here understand that, because this is a very, very significant change – is say that a minister can find excess money in one vote, transfer it to another vote where they need more money, and does not have to seek approval through a special warrant. More to the point and equally significant, they don't even have to report it. There

doesn't have to be an order in council. There doesn't have to be a special warrant. There doesn't have to be any public acknowledgement that that has occurred.

What has happened to this point, Mr. Speaker – at least this – is that if there was excess money in one vote, vote 1, and the government had, say, \$10 million they couldn't spend and they needed \$10 million in vote 2, they couldn't just transfer it surreptitiously. What they had to do was at least authorize a special warrant, announce that special warrant through orders in council, reporting publicly, and then bring it, albeit after the fact, to the Legislature and say, "We had to authorize \$10 million for that new expenditure." Now they won't have to do that. Now the Treasurer will be able to sit down with some of his cronies some night in some smoky room, that cigar sticking out of the side of his mouth, and say: "We need a little extra money. Where can we find it? Vote 1. Hey, let's put \$10 million into vote 2. And do you know what? We're not going to have to tell anybody."

So, Mr. Speaker, on the one hand, he says he's going to give the Legislature more authority over special warrant spending – that is, pre-authorization of special warrants – and on the other hand, one fell swoop, he scoops out a huge portion of the need to even have special warrants. So he can easily overbudget one area and pack in extra money and transfer that money when the time comes without ever having to tell anybody in this province that that has occurred.

This is a Bill that accomplishes nothing, in fact may actually create less expenditure control than the already limited expenditure control this Treasurer and this government have demonstrated. There is, it seems, no logic in the Treasurer's thinking. He says he doesn't have an expenditure control problem. Then why bring in an expenditure control Bill? He says he has a revenue shock problem. Then why don't we acknowledge the revenue side, the relationship between revenue and expenditure in this Bill? No mention of it. He says he's going to limit it to 2.5 percent, but he's already limited program expenditure for the last six or seven years to 2.3 percent. I mean, don't do us any favours, Mr. Speaker. What is it that this minister is trying to accomplish? How is it that he's bamboozled these people in his caucus? Who is it over there that actually believes this stuff? I know. Their public relations director – that hard-nosed, hard-driven management kind of person, wherever that person is – must believe this.

4:50

What we need is a little positive press. We're not going to get it on the basis of our actions, because anybody can see those. So we're going to trump up a Bill that says we are expenditure controllers. Nobody believes you, Mr. Treasurer. Nobody. I can't see it. Maybe this guy here. I look in his eyes and there seems to be a glimmer of belief there, but even that's fading. My point, Mr. Treasurer is . . . There it is, Dick. You'd better get to him before it's too late. You're even losing Dunvegan.

The fact is, Mr. Speaker, that it isn't a limit because he can still increase expenditure. It isn't a limit because he excludes such critical areas of expenditure as the Capital Fund, interest charges, NovAtel guarantees that come due. It isn't a limit because it now begins to tinker with the time-honoured tradition, the time-valued tradition, of the authority of the Legislature to vote on specific areas of expenditure.

This Treasurer has gone beyond the limit, I would say, Mr. Speaker, even of irresponsibility to tamper with the democratic process and say, "I don't care what the Legislature tells me; I'm going to transfer money wherever I want to do it." Even in the face of a Throne speech that says we're going to give greater access to information, he now limits access to information because

we will have even fewer special warrants and less reporting because he can transfer that money behind the scenes surreptitiously, with that huge cigar sticking out of the side of his mouth.

Mr. Speaker, it is a frightening picture, and anybody in this Legislature who can't see through this has been sorely misled by this smooth-talking Treasurer. We're not supporting this Bill. [interjections]

MR. SPEAKER: I'm sure Edmonton-Meadowlark and other members will peruse the record and in future be a little more judicious with some of the intemperate words that are flying around.

Might we revert to the Introduction of Special Guests?

HON. MEMBERS: Agreed.

head: **Introduction of Special Guests**  
(*reversion*)

MRS. McCLELLAN: Mr. Speaker, certainly I want to acknowledge the indulgence of the House and thank them for the opportunity to introduce some very special guests this afternoon. I have the pleasure of having some 55 students from Oyen public school in our members' gallery today. It's not often that we have students from so far out, and I'm really delighted they're here and thank you for this opportunity. They are accompanied by their teachers Mr. Stober and Mrs. White and parents – and I hope I have them all; it was a large group – Mrs. Parks, Mrs. Radcliffe, Mr. Caskey, and Mr. Norris. I would invite them to stand and receive the very warm welcome of this Legislature.

MR. DINNING: Mr. Speaker, it's not often that I have an opportunity to introduce a native of the Crownsnest Pass, who just happens to be celebrating his 60th birthday today. I'd ask Dr. Reno Bosetti to rise and receive a warm welcome from members of the Assembly.

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

**Bill 36**  
**Spending Control Act**  
(*continued*)

MR. SPEAKER: The Member for Vegreville in debate.

MR. FOX: Thank you, Mr. Speaker. Happy birthday, deputy minister.

I'd like to speak as well on Bill 36, the Spending Control Act. My sense of fair play almost compels me to speak in favour of the Bill and offer some support for the Provincial Treasurer, because in this Legislature we like to try and have some balance. We want to see both sides of issues presented so that when we grapple with the information presented to us as members of the Assembly acting on behalf of our constituents, we can weigh all that evidence and determine how we should vote on this Bill. At least in our caucus we don't come with our minds made up. We listen to debate, and if compelling arguments are made on both sides of the issue, we can weigh the evidence and decide how we're going to vote. Virtually 99 percent of the votes are free votes; that's just a time-honoured tradition in the New Democrat caucus.

I'm finding it difficult to grasp any straws that would enable me to ingest some arguments in support of this Bill because none have been advanced. It doesn't seem that anybody in this Legislature, save the Provincial Treasurer, is in favour of Bill 36. At least if

I'm hearing things correctly, everyone that's spoken extensively and eloquently on this Bill has pointed out a number of flaws with the Bill and a number of reasons it does not deserve the support of this Legislature. So I regret, Mr. Treasurer, that I cannot bring myself to support you this time, but I will hold open that offer sometime in the future. Sometime in the future I might rise and back you up on something.

Bill 36, the Spending Control Act, is clashing with something else that has developed over the years in this Legislature, and that is credibility control, the lack of credibility of this Treasurer and this government. If indeed, Mr. Speaker, they had established credibility based on a record of fiscal management, if they'd established a record based on prudent decision-making, if they'd established a record based on telling Albertans exactly where we stand with respect to the finances of this province on an ongoing and updated basis, then credibility would be established and the Spending Control Act would be a more relevant piece of legislation.

However, given the history of the government, given the history of this Treasurer, given the litany of mismanagement over the now almost seven years the Premier and his sidekick have been in charge and responsible for finances, we've witnessed a virtual disaster in the province of Alberta, this once mighty province with resources beyond belief, with opportunities beyond imagination, with all kinds of revenue accruing on an ongoing and seemingly never ending basis. Mr. Speaker, the opportunities were there to diversity, to build a strong economy, and in six and a half years we've seen it all go down the drain. This Treasurer and his Premier have to take responsibility for it. When they come forward and tell Albertans that they are sincere in their desire to control spending and to demonstrate they are the number one government in the universe, frankly, nobody believes them. How can anybody believe that they're sincerely interested in controlling spending when all the evidence is to the contrary? There's just not a shred of credibility to the arguments the Provincial Treasurer makes.

The Member for Edmonton-Kingsway went through the Bill in a comprehensive way and described a number of reasons why this Bill just won't wash. Though it may be titled the Spending Control Act, it won't in fact control spending of government. It's merely window dressing. It's an illusion. It's the proverbial smoke and mirrors that we've seen all too often from this government. There's nothing in this Bill. Members of the Assembly who've had experience in finance, members who may have worked with prior ministers, who have some experience with Treasury, will know there's nothing in this Bill that compels the minister or the government to actually control spending, to limit the growth of spending in government. It is just a pandering to a sentiment in the province of Alberta, a legitimate sentiment that spending is out of control.

Spending is out of control in this government, Mr. Speaker. It's out of control in a frightening sort of way, but it's not out of control in normal program areas. It's not the spending on health care, education, social services, agriculture, transportation, and utilities that's out of control. It's the ad hoc, under the table, behind closed doors kind of spending that this government has become famous for that is out of control.

5:00

It needs to be pointed out again for members like my hon. friend from Peace River, who I know is waiting to be convinced, that this Bill applies only to forecast program spending. It doesn't apply to debt servicing costs. It doesn't apply to valuations and similar adjustments and obligations of the Crown under guarantees

and indemnities. It wouldn't have covered any of the ludicrous boondoggles that have, quite frankly, highlighted virtually every legislative session in this province since 1987, beginning with the Principal fiasco and the Pocklington fiasco, and evidence mounts. So there's nothing in there that will control the offside kinds of spending that have, quite frankly, been the albatross around the provincial taxpayer's neck ever since these folks came to power.

The Member for Edmonton-Meadowlark quite rightly points out that this Bill leaves open the opportunity for and in fact encourages the Treasurer to engage in the fiscal sleight of hand for which he's become famous. If you've got losses in NovAtel – I mean, they're embarrassing no matter how you add them up. But by golly, if we want to pretend that our budget was balanced last year and we're out by \$1.9 billion – ay yi yi; we can't assign all those losses to that budget year, so maybe we can find some way of assigning them to a previous budget year. Maybe we can find some way of assigning losses to budget years that people have hopefully, from the government's point of view, already forgotten. There are just so many opportunities for this Treasurer to move money in, move money out, shuffle it around, hide expenditures, and this fiscal sleight of hand is a practice that's well established in this government and one that won't be curtailed by Bill 36.

I'd love to support a Bill – I'll read it into the record. It says: A member of the Executive Council, with the consent of the Treasury Board, may transfer during a controlled fiscal year all or part of the amount authorized by a vote in an Act for general supply for the controlled fiscal year . . .

Blah, blah, blah.

Well, even our Legislative Offices Committee, an all-party committee established by vote in this Assembly working with the Auditor General, the Chief Electoral Officer, the Ombudsman, and now the Ethics Commissioner, requires that those officers come to us and deal with needs to transfer money between votes, because votes are approved and they have to deal in an open, public way. It's a proper process established by the Chair of our committee, the Member for Taber-Warner, who understands fiscal responsibility and should be talking to his Treasurer about this Spending Control Act. It's a good process that this Treasurer is going to be able to absent himself from, and not just this Treasurer but whoever may replace him when and if he resigns before the end of summer, when all the NovAtel accounting is done: the interim Treasurer who bridges the gap between this one and the hon. Member for Edmonton-Kingsway or the Member for Calgary-Mountain View, whoever becomes the Treasurer in the first New Democrat government in the history of the province of Alberta. [interjection]

What was that, Provincial Treasurer? I didn't hear that on the record.

MR. SPEAKER: Through the Chair, hon. members, on Bill 36.

MR. FOX: The concern is legitimate that there's nothing in this Bill, Mr. Speaker, that will actually compel the government, require them by law to control spending and to account to the people of Alberta their efforts to do so. There are so many loopholes in this Bill. It does not withstand the legislative litmus test, and we can't support it. I'd love to be able to support it; I think it's important that we control expenditures.

I think it's important that a government do like the government of the province of Saskatchewan did in this budget year and demonstrated to people in Saskatchewan that they're prepared to take some abuse. They're prepared to shoulder the burden of nine years of Conservative mismanagement of that economy to try and get things back on track for the people of the province of

Saskatchewan. If it's got to be done, it's got to be done. Lord knows, New Democrats right across this country have had to shoulder the burden for successive Conservative and Liberal government mismanagement, whether it be in the Yukon, whether it be in the province of Ontario, Saskatchewan, or British Columbia. It's not an easy time to take over and clean up, but we're establishing the methodology. We're establishing the record, the reputation, and we'll be able to do it when the responsibility is ours.

I think spending control is an important thing, Mr. Speaker. I know that members of the Assembly agree with me, but I also know that they see the cynical PR motivation behind this Spending Control Act and won't support it. I might change my mind if I can find one other person prepared to speak in favour of this Bill, but as far as the debate's gone so far, nobody except the Provincial Treasurer supports it, and I feel the same way.

MR. SPEAKER: Stony Plain.

MR. WOLOSZYN: Thank you, Mr. Speaker. I've listened to the debate on this Bill with great interest. I find that the title of the Bill is the only thing that comes close to controlling anything. We know that this government, as all governments, has all sorts of sources of revenue to dispense, and this Bill is nothing more and nothing less than a feeble effort to confuse the public by having something called a Spending Control Act being quoted in the media. The part that's controlled or going to be controlled or pretending to be controlled is only going to be the section that we deal with in estimates in any event. Although the estimates are very, very poorly put together, where we don't have the input, we don't have the information, at least something is brought forward before the House, and that is the part the Treasurer claims he's going to try to control.

I find it interesting that even section 2, which is supposed to be the whole basis of this Bill, can be overruled, I suppose rightly so, by the Legislative Assembly anyhow, and the Legislative Assembly is controlled by the government party. So what we've got is a Bill where, without even having to overturn the Bill, right within itself these limits can be scrapped.

The Member for Edmonton-Meadowlark and the Member for Vegreville pointed out, and it should be emphasized once again, that this Bill does not control spending so much as it permits the transference of money from one vote to another to have the spending go more uncontrolled within the department. I feel very strongly, Mr. Speaker, that this is making a travesty of the whole process. If we want to control spending, we can't arbitrarily on the whim of Executive Council have a minister transfer from one vote to another, have him eliminate votes totally. That's just not right.

Section 6 has the Treasurer prepare a report. Wonderful. So the report is prepared, and the question is, then what? So they exceeded the spending. This is nothing new in this particular exercise that we have. We had a balanced budget last year that fell \$2 billion-plus in the hole. So what happened? Nothing. We get an unbalanced budget with in excess of \$2 billion in deficit this year with a \$4 billion limit. So, Mr. Speaker, for the life of me I can't see how this Bill is going to do anything other than mislead the public.

The exemptions from the program spending are interesting in themselves. Debt servicing costs for the year: I guess if you want, you don't spend that money; it just disappears. The other sections, 2 and 3, go on to have a whole list of exclusions that make the Bill more of a joke than it really should be.

Mr. Speaker, in conclusion, I would like to see the Treasurer withdraw this Bill, if he has the courage, and present one that really would control spending properly.

MR. SPEAKER: Provincial Treasurer, summation.

HON. MEMBERS: Question.

MR. SPEAKER: There's a call for the question.

[Motion carried; Bill 36 read a second time]

5:10

#### Bill 41 School Amendment Act, 1992

MR. DINNING: Mr. Speaker, I move second reading of Bill 41, the School Amendment Act, 1992.

In summary, Mr. Speaker, the Bill provides for the management and control of Francophone schools by Francophone parents who enjoy rights under section 23 of the Charter of Rights and Freedoms. It meets the test that our provincial government spelled out some number of months ago which said that such an agreement (a) must comply with the Supreme Court judgment, (b) must fit within the Alberta context, and (c) must be right for children's education in this province.

What Bill 41 does is put in place a made-in-Alberta model, a balanced and effective regional model that respects the sliding scale concept spelled out in the Supreme Court decision. It ensures that in the Edmonton, north Peace, Bonnyville, St. Paul, and Plamondon areas there will be established three regional authorities which will have the same power as existing school boards except the power to receive local tax revenue directly. There will be Francophones elected to make decisions on how to manage and control their children's Francophone schooling. In other parts of Alberta there will be co-ordinating councils that will work with the smaller number of section 23 parents in the region. They will advocate on their behalf. They will work with school boards on the establishment of Francophone programs, and they will provide advice on Francophone language education.

Mr. Speaker, I should advise members of the Assembly that as we move to committee study, I will propose a slight amendment to the Bill at section 4(a) in proposed section 5(2) of the legislation. We will put in place words to the effect that notwithstanding any other provision of this Act, the Lieutenant Governor may make regulations.

We do this with an abundance of caution, because this is a special piece of legislation that confers a very special set of rights on section 23 parents who enjoy Francophone rights.

Mr. Speaker, just briefly, two other areas of the Bill relate to regional divisions. The legislation enables two or more willing school boards to decide voluntarily to merge their operations and to create regional divisions so as to more effectively deliver educational services. This contemplates two or more districts, divisions, counties, or other areas serviced by boards to listen carefully to the call of voters and taxpayers everywhere to find more effective ways of spending the dollars taxpayers devote to education.

Finally, Mr. Speaker, there are three parts of the Bill that are worthy of note. Section 11: in a recent court case in Calgary, Mr. Justice Kerans found that school boards do not have the authority to collect fees for instructional materials and supplies because the provisions in the current School Act do not specifically refer to collecting fees from parents. So what we have done

in section 11 is address that issue and make it clear that school boards can collect these fees from parents.

Under the current legislation only school boards can supervise home education programs. Section 6 of the Bill responds to the wishes of many parents in this province to ensure that accredited private schools would be allowed to supervise home education programs.

Finally, the School Act requires trustees who have a conflict of interest on a particular issue being considered by their board to declare their conflict of interest, abstain from voting, and leave the boardroom. In some cases, especially teacher contracts, this may mean that the board does not have a majority of trustees left to meet the quorum that is required under the School Act and to make a decision. To deal with those situations, Mr. Speaker, section 12 of the Bill provides the Minister of Education with the authority to declare that fewer than a majority of trustees can constitute a quorum.

With those brief remarks, Mr. Speaker, I encourage all members of the Assembly to give second reading to this important Bill.

MR. SPEAKER: Stony Plain.

MR. WOLOSHTYN: Thank you, Mr. Speaker. I'm pleased to see that after a very long delay the Minister of Education has finally addressed the Supreme Court decision, the one of providing a mechanism, a structure for the delivery of Francophone education to students in Alberta. I certainly do commend the minister and his colleagues on the creative method of implementing the structure of it, going from the regional boards to the co-ordinating councils. It appears that department personnel have taken what I would say is a very good look at trying to meet the conditions of the Supreme Court ruling and indeed deliver Francophone education in such a fashion that a court challenge would not be necessary.

However, I'm very, very distressed that the minister chose to convolute this very important Bill by introducing a variety of other sections. As I had indicated in question period yesterday, I felt very strongly that if the minister had been acting in the most responsible fashion possible, this Bill would have been split into at least two categories and preferably three. It's very easy to make the issue sound as if "Oh, well; this will just fix this; this will fix that." What bothers me, Mr. Speaker, is that what has happened in this Bill is that there's a very good section, a section that's very necessary and very controversial, and that is the one dealing with French education. I would suspect that not all Albertans would be in favour of it. I do appreciate the reality that it's something that had to be done, and again I commend the minister on the manner in which it was put together. The only criticism I would have on that is that to the best of my knowledge existing school boards perhaps were not consulted on that particular section as much as they might have been. Nonetheless, the Francophone community endorses the Bill.

I would have liked to have seen this particular section stand on its own so it could be debated on its merits. As we in this Legislature all know, if we choose to go against the Bill, for very good reasons, in other sections, then all of a sudden we have to go against the whole Bill.

MR. DINNING: Why?

MR. WOLOSHTYN: Well, you can't have a maybe vote, Mr. Minister. Either you're for the Bill or against the Bill.

The Bill goes on to establish guidelines for amalgamating school jurisdictions. Again I don't have any problem with the concept of

improving the efficiency of the school tax dollars in this province. The more bang we can get for the buck the better. However, again from checking with various jurisdictions around the province, virtually no input; a lot of suspicion that it might be coming, but there was not the proper kind of input. It was not brought before the various bodies where it could have and should have been brought so that the legislation in the section for amalgamating school jurisdictions could have been in the best fashion possible.

The other part specifically on that particular section that distresses me is that the school councils, if you will, the school boards or whatever can form the region without any plebiscite, without any input from the voters. However, there is a bit of, I suppose, salvation in the fact that after a minimum of four years, if by then they know what they're dealing with, the voters can dissolve the region. But it doesn't specify, to the best of my recollection, just how that is going to come about.

So we go from establishing in this Bill, and we're trying to find – we speak of the principles of a Bill, and I find them all over the place in this one. A very good one to deal with Francophone education. One that I certainly can't take much issue with is dealing with establishing or consolidating boards into bigger regions. I think that's long overdue. I would like to have seen that part go a little bit further and in fact eliminate nonoperating school boards, but perhaps we could have had a seventh area with that if the minister had been sincere. So we've got two different issues going in one Bill now, very important ones. The third one, which I again don't think will generate very much debate and I think was a reaction, and a proper one, has to deal with the problem of members being ineligible for particular meetings, Mr. Speaker, and having the boards faced with the quandary of not having a quorum. I think that particular solution is a very realistic and a very good one.

5:20

However, the minister referred to a section on user fees. Now, he knows that the whole issue of user fees has been a contentious one for a long time. Reacting to a court decision to make it clear as to whom the user fees would be charged to avoid future conflicts I think is again the proper thing to do. But this issue, the debate on the user fees, should not be thrown into the same time span, into the same debate as we have with Francophone education or the whole other topic of consolidating school boards. So there again we've got a third direction.

We go on further, Mr. Speaker, and we have this whole area of home schooling. Now, with home schooling – the minister is very well aware of this, and he knows that I've had personal involvement with it – we have to look at the whole concept. Under the current conditions of what's happening out there in some specific instances, to take and open the door even wider I think is totally irresponsible. It may be a point that perhaps private schools should be in that business; perhaps they shouldn't be. But certainly to have that whole area opened up to one more step by a simple line in a Bill as important as the one dealing with Francophone education, regionalization of school boards, and user fees – and then all of a sudden now we've thrown in home schooling. I would suggest to the minister that the time and effort put in on that particular topic would have been far better spent by getting existing home schooling policies that are floating around the province more in tune with reality so the abuses of home schooling would not be showing up. Having one board for home schooling across the whole province because they've been shortchanged through this government's insensitivity in terms of funding, making them twist the rules to get money to operate:

those things should have been addressed as opposed to all of a sudden saying, well, we'll open the door one more step and let everybody else come in. Before we know it, we'll have anybody home schooling.

So now we have a situation whereby a parent who chooses not to send their child to school can legalize it very easily under a bona fide authority, under just an accredited school. Whatever their choice is, they can leave the student at home. Then we look at the other side of the coin. We now have a whole chunk of this Act, another nice section that's suddenly being added, to do with attendance. This section I think is the one that gives me the greatest degree of difficulty. That is that all of a sudden an attendance board – which I would suggest has not been functioning as well as it should have been or else we would not have had this contempt of court and five-week incarceration that was totally unnecessary, immoral, and totally wrong – can have its directions kept in camera, kept secret, kept away from the public.

Now, in my discussions with the minister and from my past of being in a school, I can appreciate and understand the need for some facts, if you will, about students to be kept private, to be kept out of the public domain, because some situations are best left alone for the sake of the child involved. However, I think if these situations are coming to the attendance board, they are in absolutely the wrong place. What the situations should not be, the touchy situations that I'm referring to, is an issue of school attendance. If we're dealing, for example, with abuse – and those factors are there. The minister and I are both well aware of it. If we have those situations, it should be a matter of going to social services, and that whole case should be totally withdrawn from the attendance board.

The attendance board should not be given the opportunity, Mr. Speaker, to put these situations under wraps in some way. I would suggest again that if we were wanting to amend the Act, to fix it, to improve it, this particular section should not have been included under this whole area now. I cannot agree with it. I don't think it's just, I don't think it's fair, and it certainly contradicts the home schooling concept, if you will. You have a parent who can keep their child home with no reason at all. Then

you can turn around and put a student, a child, into jail for not attending school because he was afraid to attend school.

Mr. Speaker, when you take and put all these things . . . We go from the extremely important issue of meeting a Supreme Court decision – and I'm glad that's being done, because it's something that had to be done; again, whether you agree or disagree is immaterial, it had to be done – and we convolute and take away the dignity of that act by bringing in all these other areas that had to be addressed. No question about it, they certainly had to be addressed, but to bring them in under the same piece of legislation I think was improper; I think it was wrong.

Mr. Speaker, I don't feel that in any way, shape, or form the minister has acted as responsibly as he might have by putting these bits and pieces all under the same cover. If you were speaking on the principle of the Bill, I find six different principles in this Bill. We are dealing with everything from French education to consolidation of school boards to truancy of children to extending the authority of private schools, and I find it very, very distasteful to have to deal with this Bill in this fashion. I would respectfully submit to the minister that perhaps he should have another thought about this and take and redo this Bill in such a fashion, in two or three different pieces, that we could hopefully at least debate it quite properly to give it the justice it so dearly deserves.

On that note, Mr. Speaker, I move to adjourn debate.

MR. SPEAKER: Having heard the motion, those in favour, please say aye.

SOME HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

MR. SPEAKER: The motion carries.

[At 5:28 p.m. the Assembly adjourned to Thursday at 2:30 p.m.]