

Legislative Assembly of Alberta

Title: **Thursday, October 21, 1993**

1:30 p.m.

Date: 93/10/21

[Mr. Speaker in the Chair]

head: **Prayers**

MR. SPEAKER: Let us pray.

Our divine Father, as we conclude for this week our work in this Assembly, we renew our thanks and ask that we may continue our work under Your guidance.

Amen.

head: **Notices of Motions**

MR. DINNING: Mr. Speaker, I wish to give oral notice of the following government motion:

Be it resolved that the messages of His Honour the Honourable the Lieutenant Governor, the 1993-94 lottery fund estimates, and all matters connected therewith be referred to the Committee of Supply.

MR. KOWALSKI: Mr. Speaker, I wish to give oral notice of the following government motion:

Be it resolved that pursuant to Standing Order 58(6)(a) the number of days that the Committee of Supply will be called to consider the 1993-94 lottery fund estimates shall be one day.

head: **Introduction of Bills**

Bill 17

Family Life and Substance Abuse Foundation Act Repeal Act

MRS. McCLELLAN: Mr. Speaker, I request leave to introduce a Bill on behalf of my colleague the Member for Calgary-Glenmore, the Bill being the Family Life and Substance Abuse Foundation Act Repeal Act.

I believe the title of the Act outlines the intent of this Bill.

Thank you, Mr. Speaker.

[Leave granted; Bill 17 read a first time]

head: **Tabling Returns and Reports**

MR. SPEAKER: The hon. Member for Edmonton-Centre.

MR. HENRY: Thank you, Mr. Speaker. I have three items to table with the Legislature. The first is four copies of a news release by the Alberta Teachers' Association from today entitled "Alberta teachers fight threat to public education." The second item is a copy of a poster produced by the Alberta Teachers' Association entitled "Don't cut my future." The third is four copies of Challenging the View, a public roundtable workbook to discuss future issues in education rather than simply education cuts.

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

MS LEIBOVICI: Thank you, Mr. Speaker. I would like to file in this House four copies of a call to attend a rally for jobs and against government cuts to be held this Saturday at the Legislature at 2 p.m.

head: **Introduction of Guests**

MR. SPEAKER: The hon. the Minister of Agriculture, Food and Rural Development.

MR. PASZKOWSKI: Thank you very much, Mr. Speaker. It's my pleasure today to introduce a guest from abroad: Mr. Steve Hrynczak. Steve lives in Chadwell Heath, Essex, England, and practises as a nurse there. He's come to Canada to explore not only our country but also our health services. So if Steve would please rise now, I'd like the House today to recognize Steve in the usual friendly manner.

MR. SPEAKER: The hon. Member for Edmonton-Whitemud.

DR. PERCY: Thank you, Mr. Speaker. It's my pleasure to introduce to you and through you to the House 107 visitors from Westbrook school. They are accompanied by their teachers Mr. Terry Gietz, Mrs. Patti-Lynn Chevalier, Mr. Andrew Lummis, Ms Rhea Jansen and six parent helpers: Mrs. Kim Michaelson, Mrs. Lorraine Goldring, Mrs. Leslie Russnack, Mrs. Monica Campbell, Mrs. Pat Booth, Mrs. Irene Samuel, and Mrs. Linda Gowda. They are seated in the public gallery and the members' gallery, and I would ask them to stand and receive the warm welcome of this Legislature.

MR. SPEAKER: The hon. Member for Edmonton-Centre.

MR. HENRY: Thank you, Mr. Speaker. It's with great pleasure that I introduce to you and through you to members of the Assembly a group of 13 students from Grant MacEwan College in my constituency. They are accompanied by their instructor Mr. John Pater. These students are studying in the native communications program. I believe they're in the public gallery, and I would ask them to rise and receive the warm welcome of the members.

Thank you.

MR. SPEAKER: The hon. Member for Edmonton-Glenora.

MR. SAPERS: Thank you, Mr. Speaker. I would like to introduce to you and to all members of the Assembly eight members of a support group for Albertans who suffer with chronic pain. I believe they're seated in the members' gallery, and I would ask that Barry Ulmer and his group rise and please be welcomed by this Assembly.

MR. SPEAKER: The hon. Member for Leduc.

MR. KIRKLAND: Thank you, Mr. Speaker. It's my pleasure this afternoon to introduce Gary Villetard. Gary and his family operate a small, successful business in the constituency just north of Leduc. It's known as the Villetard Eggs company, renowned for its quality product and also for the innovative cholesterol-reducing egg, which we all probably should participate in consuming more of. Gary and his family have been very innovative in their business approach. Not only was the cholesterol-reducing egg a joint venture with Dr. Sim and the U of A, but he also is accompanied today by five gentlemen from China that are presently working on a joint venture with the Villetard family. I would like to introduce them as well, Your Honour. They are seated in the public gallery, and they are He Yanhua, Qu Fuyuan, Yang Dazhao, Lun Ping, and Wang Wenbin. I would ask the Assembly to give them all a very warm welcome while they visit our Assembly this afternoon.

MR. SPEAKER: The hon. Member for Lethbridge-East.

DR. NICOL: Thank you, Mr. Speaker. I'd like to take this opportunity to introduce to you and through you to the House four

people from Lethbridge. They are Kendall Johnson, Courtney Johnson, Stacey Hirsche, and Kathy Johnson. They are seated in the public gallery. If they'd stand, I'd like the Assembly to give them a warm welcome, please.

head:

Oral Question Period

Gainers Inc.

MR. DECORE: Mr. Speaker, on October 4 the Provincial Treasurer told this House, told Albertans that the assets of Gainers are attractive to investors. Yesterday the same Treasurer admitted to taxpayers that we were paying \$75,000 a month to sell a company that in his words was not on the "best-buy list." After four years of inflated rhetoric from the government about the value of Gainers, we're finally getting the truth. My first question to the Treasurer, then, is this: Mr. Treasurer, what has happened in the last two weeks which has caused the value of the Gainers assets to drop so much?

MR. DINNING: Mr. Speaker, the assets of the company, including the Swift's Premium name, accounts receivable, a plant, real estate especially, and some hard-working employees committed to the future of the company, are significant assets. Those are Edmontonians, northern Albertans who are committed to the future of that company. When I think of the export opportunities and the growth opportunities in the hog industry, those too are significant assets. Albertans, northern Albertans especially, in the hog-producing business believe in that kind of an operation.

Clearly, Mr. Speaker, the financial statements of Gainers have been laid before this Assembly. They are now a part of the public accounts. Because of the direction of Premier Ralph Klein for that kind of openness and disclosure and accountability, the facts are on the table, and the facts speak for themselves. This is a company that is difficult to sell given its financial situation. We as a government must stand before Edmontonians and especially northern Albertans and all Alberta taxpayers and show that we have gone the extra mile to exhaust all opportunities to sell this company with some important assets, especially human assets, to show that we have taken the extra steps to ensure that this company goes back into the private sector's hands.

1:40

MR. DECORE: The Treasurer says that the company is not on the best-buy list. The Treasurer today says that the company is difficult to sell. Why are we throwing \$75,000 a month down the drain?

MR. DINNING: Because, Mr. Speaker, it is this government's wish – it obviously is not the wish of the Edmonton MLAs across the way – to be able to look at all employees, to look at the people of Edmonton, to look at the farmers of northern Alberta and taxpayers around the province to show them that we have gone the extra route, the extra mile to ensure that we've exhausted all opportunities to sell this company and put it back into the private sector's hands. This government will be able to look Albertans square in the eye – the hon. members across the way may not, but this government will – and say that we have exhausted all opportunities to put this company back with a future into the private sector's hands.

MR. DECORE: Hard to sell. Not on the best-buy list. Mr. Minister, admit to Albertans now that your office, that your ministry is really looking and planning for the shut down of Gainers and not its sale.

MR. DINNING: Mr. Speaker, it's on the record. It has been for a great long time. That's exactly what the Edmonton Members of the Legislative Assembly across the way have been advocating for a long time. They want to shut down Gainers. They want to shut down the future of those employees who work at Gainers. They want to shut down the future of the pork producers in northern Alberta. I've heard through good, reliable sources that Mayor Jan Reimer expressed great dismay and disappointment in the representation of her MLAs in Edmonton this morning.

Mr. Speaker, we will and we have gone the extra mile to ensure that the future of Gainers can be put into the hands of the private sector. We will be able to look Edmontonians square in the eye and say that we have done exactly that.

MR. DECORE: What's funny about Gainers is that they caused the misery for all the workers at Gainers.

Syncrude Share Sale

MR. DECORE: Mr. Speaker, Syncrude is a solid asset, a gold-plated asset, so it should be simple for the government just to issue a call for tenders on the sale of that gold-plated asset. Instead, the Treasurer has gone off to London and to Toronto and paid fat commissions to agents to sell these gold-plated assets to somebody in downtown Calgary. This should have been an easy matter. I'd like to ask the Treasurer why he just doesn't open up a tender process and invite people to buy the shares of Syncrude.

MR. DINNING: You know, Mr. Speaker, I have a vision of the Leader of the Opposition sort of standing in front of the Syncrude plant with his hammer and his nails and his for sale sign: call Laurence.

You know, this is a \$150 million asset that we sold to Murphy Oil. This is not just a small \$100,000 residence that my colleague from Calgary-East would want a commission for as a realtor. This is a significant piece of commercial opportunity that has a 5 percent requirement, \$60 million cash paid to the province immediately upon settlement and a \$90 million payment over five years financed at 6 and a quarter percent. That's a significant asset that we are selling. Even a \$100,000 home needs an agent. So when we are looking for buyers, investors in an asset that size, with potential call for 2 and a half billion dollars in additional investment for that project over the next two or three years if it is successful before the Energy Resources Conservation Board, this is not just something that the government should do on its own. We do believe in the ability and the network of the private sector to be able to find the right buyer for this important Alberta asset.

MR. DECORE: Mr. Speaker, will the Treasurer tell Albertans that the real reason for not tendering these solid gold-plated assets is because the Treasurer, the government renegotiated the contract with the agents in London and in Toronto and cannot now tender?

MR. DINNING: Mr. Speaker, I informed the Assembly yesterday that some two years ago the government sought the abilities of Morgan Grenfell and Lancaster to go out and span their networks, well-connected to people who would be interested in investing in this important asset, agents that know the business of Syncrude. What we negotiated with Morgan Grenfell and Lancaster is an agent's fee that is far less than what you would pay on selling a \$100,000 home, far less than what you would pay for a commercial real estate transaction. Four percent was paid for commission to sell our shares in Alberta Energy Company. This was a commission at seven-tenths of 1 percent.

MR. DECORE: Mr. Speaker, it would appear that the Treasurer didn't hear my question or didn't want to hear my question. It's simple. You can't tell Albertans that you can't tender this sale, the gold-plated assets of Syncrude, because you renegotiated the contract with these agents and you're locked in. Tell us that.

MR. DINNING: Mr. Speaker, there is no such thing. We chose quite deliberately and quite properly to rely on the abilities of the private sector to help us sell this important asset. We had a choice. The hon. member is the one who said: this is a good sale; this is a good deal. We relied on those with the expertise, those agents who know that business, as they should. We relied on them, and they brought us a deal that the hon. member says is a good deal. Having done so, I think that's the way that government should do business in trying to get out of the business of business.

MR. SPEAKER: The hon. Member for Edmonton-Centre.

Education Funding

MR. HENRY: Thank you, Mr. Speaker. Across this province there's a ground swell of educators and parents who are building and who are getting ready to fight for maintaining a quality education system in our province, a system we can be proud of. The government has held two roundtables in our province to discuss education, and they were by invitation only. In addition, the minister has said that he'll receive submissions up until November 1. However, many groups are disillusioned and are holding their own roundtables around this province, including the ATA, the Alberta Teachers' Association, over the next six weeks. My question is for the Premier. I'd like to ask the Premier if he would commit in this Legislature to ensure that his government will make no decisions regarding the funding of education, whether it be caucus or cabinet decisions, until after all the submissions from all of the public meetings that are being held by these groups around the province are in to the minister. Will he commit to holding off on any decisions until December or January?

MR. KLEIN: Well, first of all, the hon. minister either will be or has presented his estimates, and we know that we have to achieve a certain reduction this year.

Relative to the long-term scenario, the three subsequent years, of course that will come about as a result of the roundtables and the input received. Decisions as to how we rationalize and perhaps consolidate and regionalize various school boards and so on will be made at that time. To achieve more effectiveness and more efficiencies and better and new ways of doing things, of course that will all be brought to this Legislature in due time.

1:50

MR. HENRY: Mr. Speaker, the people believe that the decisions have already been made.

I'd like to ask the Premier: why is he considering up to 20 to 30 percent cuts in education when polls by his government in March and by the ATA in October say that 80-plus percent of people in Alberta do not want funding cuts to education?

MR. MITCHELL: He listens.

MR. KLEIN: Yes, Albertans did listen. As a matter of fact, that's why we were elected and they weren't.

We said, Mr. Speaker, that we were going to eliminate the deficit in four years. It involves simple arithmetic, so simple that even the Liberals can understand it. To eliminate the deficit in four years, we're going to have to have overall reductions of some 20 percent. We have said that these reductions should not be achieved on the backs of the people who are to benefit the most; i.e., the students. We asked the question: what is the school system there for? Is the school system there for the administration of the system, or is it there for the students? It's there for the students, and our first line of attack, as a matter of fact our continuing line of attack, will be on the administration, to cut down on administration, to find new and better and more effective ways of doing things and not do as the Liberals would propose, and that is to build more and more empires.

MR. HENRY: Mr. Speaker, I was elected on June 15 as well. I was elected to represent my constituents, and I'm going to make sure that I keep representing them.

The question is: I'd like the Premier to explain to Albertans why he even contemplates more cuts to funding in education when the facts are really clear that compared to other provinces we are number 5 when we talk about per student spending, we are number 7 when we're talking about per capita spending, and we are number 10 when we're talking about percentage of gross domestic product. Why are you cutting more?

MR. KLEIN: Mr. Speaker, the fact is that in this budget year Education and advanced education will be getting a 2 and a half percent increase to accommodate growth in that system. Again, we're trying to achieve any reductions in expenditures through the administration of the system.

In response to the hon. member's preamble, he might have been elected, but he was elected to the wrong party. [interjections]

MR. SPEAKER: Order. [interjections] Hon. members, order. [interjections] Order.

The hon. Member for Lesser Slave Lake, followed by Edmonton-Meadowlark.

Lumber Exports to U.S.

MS CALAHASEN: Thank you, Mr. Speaker. Earlier this week the United States International Trade Commission ruled that softwood lumber imports from Canada were causing material injury to the U.S. lumber industry. There are many forest industry sectors in my constituency of Lesser Slave Lake which will I'm sure be impacted by this on-again, off-again situation. Would the Minister of Economic Development and Tourism fully explain this ruling and what effect it will have on Alberta?

MR. KOWALSKI: Mr. Speaker, the ruling this week by the United States International Trade Commission is a duplication of a ruling that was made about a year ago, and it has to do with duties that are being imposed on imports to the United States of Canadian wood, a duty rate of 6.51 percent. In essence what that trade commission has said is that those duties will now remain in place. Under the free trade agreement we now have an appeal mechanism to those rulings by the United States International Trade Commission. Prior to the free trade agreement we didn't have that privilege or that right.

So two things will now take place. First of all, there is going to be an appeal to the free trade agreement subsidy panel, and it's expected that they will be ruling on this matter prior to the end of this particular calendar year. There's also going to be an appeal

to the free trade agreement injury panel, and it's anticipated that they will be dealing with this matter in the early months of 1994. Between now and then the duties will continue to be collected by the United States authorities at the rate of 6.51 percent.

MR. SPEAKER: Supplemental question.

MS CALAHASEN: Yes. Thank you, Mr. Speaker. I'm pleased to know that the final ruling will be coming forth. However, the Minister of Economic Development and Tourism is responsible to look after interests. What is he doing to protect Alberta's interests in this case?

MR. KOWALSKI: We're doing a number of things. We're working with the Canadian government, the federal government. We're working with other provinces in this country. We're working with the forestry industry in this country. We ourselves will be having representation before both the free trade agreement subsidy panel and the free trade agreement injury panel on these matters. Mr. Speaker, earlier today I had the privilege of participating in the opening of the fourth annual International Forestry Show that's going on in the city of Edmonton. This is a matter of grave concern to all of the people in the forestry sector throughout the country of Canada, and we'll be very, very active in this regard.

MR. SPEAKER: Final supplemental question.

MS CALAHASEN: Thank you. My second supplementary is directed to the Minister of Environmental Protection. As I indicated, this could cause problems for lumber producers. What effect is this case having on Alberta lumber producers?

MR. SPEAKER: The hon. Minister of Environmental Protection.

MR. EVANS: Thank you very much, Mr. Speaker. As the Minister of Economic Development and Tourism has pointed out, all exporters, including lumber exporters, in the province of Alberta are paying the duty of 6.51 percent. We have direct exports into the United States of wood fibre in the range of \$95 million. Certainly our government is working with the lumber industry to continue to indicate to the United States that we are not subsidizing our forestry industry. We are quite optimistic that the FTA panels will come to the same conclusion, that the indication will be that the American trade commission rulings in essence were incorrect, and that we'll get this off the table.

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

Rally on Legislature Grounds

MS LEIBOVICI: Thank you. On June 15, Mr. Speaker, 40 percent of Albertans supported the Liberals, and this number is growing, especially as a result of this government's actions. This Saturday worried and angry people from across Alberta are coming to this Legislature. They're coming to tell this government that they're being hurt by a government more intent on putting people out of work than real reform. My question is to the Premier. Are the Premier's cutbacks to civil servants a planned union-busting scheme?

MR. KLEIN: Mr. Speaker, we miss the NDs in this Legislature. They were far less socialistic than the Liberals, I'll tell you that for sure.

Mr. Speaker, this is not union busting at all. This is asking labour in all sectors of the public service to participate with government to help us in a co-operative manner deal with the very serious problem of debt and deficit in this province. That's what it's all about.

MS LEIBOVICI: My supplemental is to the Premier. Mr. Premier, I know that the people of Alberta want you there at the rally to discuss those issues. Will you attend?

MR. KLEIN: Absolutely not, Mr. Speaker. Absolutely not. But I'll tell you what: they can stand out there and they can yell and they can scream and they can have all the placards they want and they can have all the billboards they want and they can call me every rotten, stinking name under the sun. I ain't going to be there but I'm also not going to blink.

MS LEIBOVICI: Mr. Speaker, as the Premier prides himself on being an ordinary Albertan, what could be more important than dealing with the genuine, honest concerns of these Albertans?

MR. KLEIN: I agree with the hon. member one hundred percent, Mr. Speaker. If these people want to participate with the Minister of Labour and the appropriate ministers and myself in a reasonable setting and have good, solid, constructive conversation, my door is open.

2:00 Workers' Compensation Board

MS HALEY: It's hard to ask a question after all that.

My serious question is to the Minister of Labour. One of my constituents has a concern. He's on long-term disability pension from the federal government. He's also on workers' compensation, and his question to the Minister of Labour is: is there any way that he can take a partial payment on his workers' compensation and have the balance turned over to pay for his mortgage?

MR. DAY: Well, Mr. Speaker, I appreciate the manner in which the member for Three Hills represents her constituents, and it's reflected again here today in true sincerity. I will say that the minister responsible for WCB does not get involved in the day-to-day decision-making process regarding particular cases, but I would encourage the member to have that particular constituent follow up the appeal process that is in place. It sounds like she's referring to a particular section of the Act that does make some allowances in certain cases. Whether this would apply, I really can't say.

MR. DECORE: Do your homework; phone the WCB.

MS HALEY: It is an urgent matter to my constituent, Mr. Decore.

Speaker's Ruling Decorum

MR. SPEAKER: Order please. [interjections] Order. [interjections] Hon. members, order. The Chair will make the decision as to what's in order and what's not in order.

MS HALEY: I'm kind of shocked here today at the attitude.

MR. DECORE: Do your homework.

MR. SPEAKER: Order please. Would the hon. Leader of the Opposition keep his mouth shut for a few minutes.

Workers' Compensation Board

(continued)

MS HALEY: Could the Minister of Labour please give me some advice to give to my constituent on what steps he should take to try and clarify this?

MR. DAY: Well, I share the dismay of members that when a member stands to represent a constituent's concern, they're shocked by that. I realize it's not a practice they're used to. [interjections]

MR. SPEAKER: Order please. The Chair would also suggest that this debate is over at this particular time. The minister may answer the question.

MR. DAY: Thank you, Mr. Speaker, for that word of restraint. I appreciate that.

What the member and in fact other members who care about their constituents should do if there's any question is call my office. Again, I don't get involved directly in the decision-making on a specific case, but I can give direction for an MLA who has concerns in terms of how this particular constituent could be taken care of.

MR. SPEAKER: Final supplemental?

The hon. Member for Sherwood Park.

Special Waste Treatment Centre

MR. COLLINGWOOD: Thank you, Mr. Speaker. This government has repeatedly stated that it will not approve the import of hazardous waste to the newly expanded, world-class, one-of-a-kind facility at Swan Hills without full public hearings. However, as we've recently seen, this Alberta-only policy has been compromised by the importing of hazardous waste from the Northwest Territories. I'm tabling four copies of an agreement entitled the Canada/U.S. agreement on the transboundary movement of hazardous waste, which states and requires that the government of Canada shall import hazardous waste from the United States "pursuant to the terms of their domestic laws, regulations and administrative practices." My question is to the Minister of Environmental Protection. Now that we've made our exceptions to the Alberta-only policy, how will the minister prevent the United States from pushing the door wide open and sending hazardous waste into Alberta for treatment?

MR. SPEAKER: The Minister of Environmental Protection.

MR. EVANS: Thank you very much, Mr. Speaker. I think the hon. member across the way should be well aware of the issue of jurisdictions, federal and provincial jurisdictions. We most certainly have within our exclusive jurisdiction the authority within the province of Alberta to control hazardous waste coming into the province of Alberta. The hon. member has referred to a federal initiative, a federal agreement between the government of Canada and the United States. Alberta is not a party to that, and we have stated on numerous occasions that we would not change our Alberta-only philosophy without first involving a very extensive review process and asking Albertans whether they thought that in the times this was the proper thing to do. We will continue with that philosophy, and we will continue to take our direction from the citizens of the province of Alberta.

MR. SPEAKER: Supplemental question.

MR. COLLINGWOOD: Thank you, Mr. Speaker. Now that we know about this Canada/U.S.A. agreement, when are we going to hold those hearings?

MR. EVANS: Once again, Mr. Speaker, the hearings or lack of hearings won't be determined by a Canada/U.S. agreement. It will be determined by the government of Alberta dealing with the citizens of the province of Alberta.

MR. SPEAKER: Final supplemental.

MR. COLLINGWOOD: Thank you, Mr. Speaker. Why did the minister conceal the ramifications of this agreement from Albertans and hoodwink us into believing that we can still have an Alberta-only policy in the face of this agreement?

MR. EVANS: Well, Mr. Speaker, aside and apart from unparliamentary language, the point is once again, for the third time: this is a federal Canadian and a U.S. agreement. How on earth could the government of the province of Alberta be accused of or be guilty of hoodwinking or hiding anything from the citizens of the province of Alberta? Perhaps the hon. member might very well wish to talk to his federal counterparts and perhaps the leader of the federal Liberal Party to ask what steps the federal Liberals have done to make this information available to the citizens of Canada.

MR. SPEAKER: The hon. Member for Calgary-Mountain View.

Hospital Services for Foreigners

MR. HLADY: Thank you, Mr. Speaker. My question is for the Minister of Health. It is recognized internationally that we have one of the best, if not the best, health care systems in the world. In fact, it is a major attraction and reason for people wishing to immigrate to Alberta and Canada. While we are in a major restructuring in all areas of government through privatization and rationalization, it is time to look at hospitals as potential generators of positive revenue. My first question for the minister: while we can't allow foreign use to delay service to Albertans, would the minister allow hospitals to charge full cost for the use of our facilities to foreigners?

MRS. McCLELLAN: Well, Mr. Speaker, today we do charge non-Albertans and other Canadians a fee for the use of our facilities, and that is in a negotiated agreement among the provinces. We also do charge non-Canadians for the use of our facilities today, and that is at a fee that is higher than we would bill for other Canadians. So, in fact, that does occur in this province today when non-Canadians access our facilities.

MR. HLADY: My first supplemental to the minister: would you be willing to entertain that hospitals can go to direct marketing to foreign markets?

MRS. McCLELLAN: Well, Mr. Speaker, while I do believe we should welcome foreign visitors into our province as visitors and I think that we should be prepared to offer them health care service if they require it while they are in our province, I am not convinced that we should be aggressively marketing health services. Our health system in Alberta and indeed in Canada is based on need and based on access in need. I would question whether our citizens would want to see foreign visitors have better access than Canadians. I should say that perhaps one of the

reasons the costs in the U.S. are higher in a private system is that they do aggressively market health care. So it would be one, I think, that would require considerable thought and debate before we would consider entering into that.

2:10

MR. SPEAKER: Final supplemental.

MR. HLADY: Thank you. My second supplemental: could these hospitals then use these funds to fund themselves directly and help them become self-sufficient?

MRS. McCLELLAN: Well, Mr. Speaker, that would be based on assuming that we were prepared to do that. I should say that where hospitals do treat non-Canadian residents and there is a larger fee charged, indeed the hospitals are required to put that into their budget, and it is taken off their base. I'm not sure that it is fair to hospitals that perhaps have access to foreign tourists and so on to have an advantage over other hospitals in the province. So that is our policy today.

MR. SPEAKER: The hon. Member for Edmonton-Glenora, followed by Lacombe-Stettler.

Health Care System

MR. SAPERS: Thank you, Mr. Speaker. Alberta podiatrists say that recent cuts to ancillary health care will result in amputations and possibly even death. Now, when asked to justify these cuts, the Premier admitted that he didn't even know that cuts were happening let alone understand their potentially devastating impact. Clearly the government's frenzy to cut health care spending is out of control. Assuming that the Premier has now been brought up to speed on the minister's latest cuts and that he now understands their impact, will he stop the Minister of Health from further unplanned, across-the-board, shortsighted cuts that can only lead to higher health care costs and more suffering?

MR. KLEIN: Mr. Speaker, I assume that the hon. member is alluding to a question that was asked of me yesterday by a *Calgary Herald* reporter in Calgary. That reporter asked me about cuts, and I wasn't aware of any cuts. I was aware of a program by the minister and her department to cap. When you put it in the context of cuts, I was somewhat confused because I knew of no cuts. Capping is a lot different than cutting. [interjections]

MR. SPEAKER: Order. Hon. Member for Redwater, your Member for Edmonton-Glenora wants to ask a supplemental question.

MR. SAPERS: Mr. Speaker, if this is what happens when the Premier is away for just two days, can he please tell Albertans what we can expect to have happen to the health care system when he's away in China for a month?

MR. KLEIN: Mr. Speaker, it'll do just fine, thank you.

MR. SAPERS: To the Minister of Health: why does the minister refuse to acknowledge the life-limiting impact of these latest cuts that she's ordered, especially on the many people who suffer from chronic pain?

MRS. McCLELLAN: Well, Mr. Speaker, I think that was quite a roundabout way to get an acknowledgement of a group. First

of all, in the area of what we discussed yesterday, it was not cuts. It was capping at the 1992-93 expenditures. We will still expend the same number of dollars that we did. Secondly, there are many provinces in this country that do not insure these at all. I think the fact that we insure these services says very clearly how valuable they are. We would remind the hon. members that on the side of the deliverers they do have the ability to extra bill and that on the side of the people who are accessing those, there is private insurance available. The persons who suffer with chronic pain made a presentation, a very good presentation, to the standing policy committee on community services. I was able to be present and hear their very real concerns, and I know that the chairman and the members of that standing policy committee will be reviewing those concerns very carefully and making recommendations to this cabinet and to this minister. We will deal with them in that way.

MR. SPEAKER: The hon. Member for Lacombe-Stettler, followed by Fort McMurray.

School District Amalgamation

MRS. GORDON: Thank you, Mr. Speaker. Bill 8 sets out a process whereby school districts, divisions, and counties can voluntarily join together to form a regional school division. Currently we have 142 operating school jurisdictions. This concerns many of my constituents as on a per capita basis Alberta has more school boards than any other province in Canada. My question is to the Minister of Education. If there isn't voluntary amalgamation, will the minister be proceeding with incentives or legislation to ensure that regionalization takes place?

MR. JONSON: Mr. Speaker, as the hon. member correctly identifies, we do have 142 school jurisdictions, and certainly in the extensive consultation that has been going on across the province relative to matters in education, the possibility of setting certain criteria and achieving cost savings by the amalgamation of school jurisdictions is a major priority.

We have, though, before the Assembly, Mr. Speaker, Bill 8. It provides on a voluntary basis a structure for counties and school divisions and school districts to get together in a different configuration, a larger configuration, which will improve the quality of education and its effectiveness and result in cost savings. Now, we will be monitoring the situation with respect to the implementation of this legislation, and certainly I recognize that there is a considerable number of people across the province who feel that if no progress is made, the government should move forward with incentives or with further legislation.

MRS. GORDON: If the 142 operating school jurisdictions were reduced by 50 percent and regional school divisions formed, what would be the cost savings to your department and subsequently to all Albertans?

MR. JONSON: Mr. Speaker, the specific amounts are impossible to determine at this time, because we would have to be working from some particular pattern or package of amalgamations to cost it out accurately, but certainly there would be the potential for millions of dollars in cost savings or cost-effectiveness in such a move.

Road Construction

MR. GERMAIN: Mr. Speaker, return with me now to the wild, wild Whitecourt west. Highway 63 to Syncrude and Highway 22,

the Trynchy trail, are two highways mired in controversy. The Premier says that Highway 63 construction is a go. The transportation minister says Highway 22, which was a no-go, is now a go. My question to the Premier. Mr. Premier, last month in Fort McMurray you announced that Highway 63 would be a go next summer. Did you bother to tell the Minister of Transportation and Utilities, or did you blink?

MR. KLEIN: I didn't blink. Mr. Speaker, I said that we would continue with our construction on that road. As I understand it, there are about 20 kilometres to be completed, and I see no reason, notwithstanding the protestations of the hon. member, why it shouldn't be done. If you don't want it, just tell me.

MR. SPEAKER: Supplemental question.

MR. GERMAIN: Thank you very much. My supplemental to the Minister of Transportation and Utilities: if you are not able to commit on Highway 63 next summer, in fairness will you put a hold on Highway 22 so that all Albertans can feel that they are being equally treated in road construction in this province?

MR. TRYNCHY: Mr. Speaker, I'm glad I got the question, because I hold before me a March 18 letter that specified that the upgrading and the overlay on Highway 22 was necessary before that road deteriorates. I don't have such a letter in regards to Highway 63.

Mr. Speaker, I want to go back to the question in regards to Highway 22, page 456 of *Hansard*, where the Member for Leduc asked the question: was I concerned that my "wife, son, and daughter own a business on the Mayerthorpe main street portion of this paving project?" Well, that statement is false. It's unfortunate that the Member for Leduc would insult innocent people in regards to Highway 22.

2:20

MR. GERMAIN: I have letters as well, Mr. Speaker.

Mr. Minister, do you agree that it is now time to put in place a review mechanism to approve highway construction that may be valid in its own right but becomes tainted by political controversy?

MR. TRYNCHY: Mr. Speaker, I reject those kind of comments in regards to tainting. Highway construction throughout the province is based on need, not political need. I will co-operate with IDs, counties, MDs, and I will look at their priorities. I will also look at priorities of the government MLAs. I'm sure that Liberal MLAs don't want to tread through the cold and the blizzard from the annex to my office as mentioned. They haven't got the time to see me about their priorities. As long as I receive priorities from the counties, MDs, IDs, whatever, those are the roads that will get attention.

MR. SPEAKER: The hon. Member for Calgary-Currie.

Health Care System

(continued)

MRS. BURGNER: Thank you, Mr. Speaker. I have a question this afternoon for the Minister of Health following from some of the exaggerated reports in the *Herald* and in some of our media. I have a concern, Madam Minister. My constituents have an understanding of the need for the government to get our health care spending under control, and I think they recognize that there will be impacts from the decisions to reduce spending. They are very concerned about some of the flagrant exaggeration of these

health concerns. To the Minister of Health: can you explain to this Assembly what the effects will be on Albertans of your recent changes to allied health services?

MRS. McCLELLAN: Mr. Speaker, first of all, I recognize that the hon. member understands that these are changes to the way we are insuring services, not cuts or reductions to those services. In fact, we will again commit about \$92 million to allied health. We have stated very clearly in our discussions with the people who deliver those services, the discussions that have gone on since July 14 - in fact the way we offer these services today and insure these services are based mainly on the recommendations from those deliverers. I have a lot of confidence in the people who deliver those services that we will be able to continue to offer those valuable services to Albertans by working with the deliverers and by containing the costs. In fact, the most detrimental effect that we would have is if we did not ensure that we can continue to deliver them by having the fiscal dollars to do it.

I stated very clearly when I made this announcement, Mr. Speaker, that anyone who would be adversely impacted could appeal this cap on services, and we will work with their health care providers to ensure that they have a service that's suitable to their needs.

MR. SPEAKER: Supplemental question.

MRS. BURGNER: Thank you, Mr. Speaker. To the minister: are there any other groups who will be affected by these changes?

MRS. McCLELLAN: Yes. In fact, Mr. Speaker, in one area there are groups that are affected that were not involved in a cap before. There was an unlimited level of physiotherapy for widows, seniors, and there will be a cap in that area. There also was an unlimited in out-of-hospital following surgery, and there will be a cap there. However, again we think it's very responsible that if those are seen to be needed above the cap, we will work with them on an individual basis with the people who are delivering their treatment and ensure that their needs are met.

MR. SPEAKER: Final supplemental.

MRS. BURGNER: Yes. Thank you, Mr. Speaker. My final supplemental is: would the minister be able to comment on some of the consultation process with these medical professionals, that you arrived at these decisions in consultation with them and this was not just a decision that came from the department?

MRS. McCLELLAN: Mr. Speaker, in keeping with our commitment and our government's commitment to consult with people before we do make changes, we did consult extensively with the people who deliver the services, and indeed indirectly through the seniors' roundtables these items were discussed as to delivering services to seniors. I believe very sincerely that the people who are offering the services and the people who are accessing these services value them, want to see them continued, and are willing to work with us to continue to help insure services that are outside of the Canada Health Act. They are not required services to insure. It is something that Alberta does provide, one of the very few provinces in Canada that does.

Petroleum Industry Training Service

MR. DALLA-LONGA: With a forecasted 8,000 wells to be drilled in Alberta during 1993, there is also a need to ensure, Mr. Speaker, that there are experienced and skilled personnel available on which the energy industry can draw. This is particularly crucial

during the upcoming drilling season. The Petroleum Industry Training Service, otherwise known as PITS, has provided a pre-employment training program for prospective rig workers as a result of \$400,000 in annual funding from the department of advanced education. My question is to the minister of advanced education. Given the fact that there are approximately 140,000 Albertans currently unemployed, why is the minister delaying taking action on the PITS' plea for an additional \$100,000 in funding?

MR. JONSON: Mr. Speaker, I am sure that the minister of advanced education is carefully considering initiatives in terms of his long-term planning to provide training where there are needs within industry. In terms of the detailed information the member might be seeking, I will take the question under advisement and inform the minister.

MR. DALLA-LONGA: To the Minister of Energy: given that the shortage of trained personnel can have a negative impact on the level of drilling in the field, will the minister promise to address this funding problem as soon as possible?

MRS. BLACK: Mr. Speaker, the PITS program has been very successful in getting people trained in the technological side to work in the field. As the hon. member said, there was \$400,000 committed to the program this year. The activity levels have in fact utilized those dollars. I will remind the hon. members that this is joint funded with industry also, and the minister of career development has been looking at this.

MR. DALLA-LONGA: My question is once again to the Minister of Energy. To solve future problems, will the government ensure that adequate annual funding is put in place and is provided on an annual basis?

MRS. BLACK: Mr. Speaker, as I said, this is a joint program between the government and industry. No one actually anticipated that the activity levels would be as great as they were this year in the field. We are very delighted to see the activity levels. In part of our getting people back to work programs, we've seen people going from the training centres right into work in the field to have jobs. That's part of a program that we're very proud of. We are working with industry, and we are also working in conjunction with Advanced Education and Career Development to look at this program.

head: **Members' Statements**

MR. SPEAKER: The hon. Member for Calgary-Cross.

Multiculturalism Commission

MRS. FRITZ: Thank you, Mr. Speaker. On August 1 I had the honour of being appointed by the Premier as chairman of the Alberta Multiculturalism Commission. I'd like to take this opportunity to thank the Premier for this privilege.

Mr. Speaker, in 1963 John F. Kennedy stated:

So, let us not be blind to our differences - but let us also direct attention to our common interests and to the means by which those differences can be resolved. And if we cannot end now our differences, at least we can help make the world safe for diversity.

Although it's 30 years later, Mr. Speaker, the Alberta Multiculturalism Commission shares in John Kennedy's vision and focuses its efforts on helping all Albertans understand, appreciate, and value our diversity.

Today I'd like to inform this Assembly about review '93, which is a public consultation process that the commission will begin with its first meeting in Calgary this Saturday, October 23. The Alberta Multiculturalism Commission last held a provincewide consultation in 1988, which resulted in the enactment of new legislation called the Alberta Multiculturalism Act. Based on public input and the objectives laid out in the Act, the commission developed a three-year multiculturalism action plan in 1991. Review '93 includes seven dialogues with stakeholders and two meetings in Calgary and Edmonton with partners. Dialogue sessions will be held in Calgary, Edmonton, Red Deer, Medicine Hat, Lethbridge, Grande Prairie, and Fort McMurray. Approximately 2,000 people, Mr. Speaker, have been invited to participate in the review. The Alberta Multiculturalism Act remains the foundation for the commission's endeavours, and I invite members of this Assembly to attend meetings in or near your constituency. You will receive in your office this afternoon an outline of the review '93 process and a copy of Diary, which is a newsletter to keep Albertans informed of this public consultation process.

Thank you, Mr. Speaker.

MR. SPEAKER: The hon. Member for Edmonton-Mayfield.

2:30 Economic Outlook

MR. WHITE: Thank you, Mr. Speaker. Today I would like to speak to the Assembly about fear and stucco bungalows. I have come from a constituency that from just about one end to the other is stucco bungalows. In those bungalows are people living in fear. No, no; I'm not speaking of the fear that's of criminal activity and the like. I'm speaking of economic fear, sir. Seniors that live in those homes are fearful of having their health care suspended. They're fearful of losing their meagre pension benefits and living destitute before their time comes to pass on. There are students that live in those bungalows that are fearful they'll be unable to get an education because they simply cannot afford it. They're also fearful that with the changes in advanced education, the supply of funds for student loans they'll be unable to afford that. Further, after having gotten an education, they're fearful of not being able to pay those loans back because there are no jobs. There are the parents of those students and the children of those seniors living in those stucco bungalows, and they're fearful of losing their jobs. They're fearful of the property tax increasing. They're fearful of federal and provincial income tax increases. They're fearful of their benefits being cut back. They're fearful that their children, in fact, will not be able to leave home and start lives of their own, for all of these reasons.

No, I'm not saying that these people need everything done for them and to be all cared for. What I'm saying is that they're fearful of these changes that are coming about. This House is well represented on both sides by those that have small families and three-level splits. These are the people that we have to be concerned about, and I know you and I will do that.

Thank you, Mr. Speaker.

MR. SPEAKER: The hon. Member for Taber-Warner.

Rural Gas Co-operatives

MR. HIERATH: Mr. Speaker, it is my pleasure today to make a few remarks about the Alberta rural gas co-operatives. Yesterday evening a special commemorative plaque was unveiled on the grounds of this Legislature to recognize the successful partnership that existed over the last 20 years between the government as a sponsor of the rural gas program and the farmers who own and

operate Alberta's rural gas co-ops. It is this partnership that's made our province's unique rural gasification program such a resounding success and the envy of farmers throughout the world. The plaque unveiling ceremony itself is a good example of the partnership. It's being co-ordinated by the Department of Public Works, Supply and Services and sponsored by the Federation of Alberta Gas Co-ops, which serves as the voice for all Alberta's rural gas co-operatives.

I am sure that not all the members will be aware that Alberta is the only jurisdiction in the world where farmers own and operate a natural gas utility under a co-operative system. There are 70 gas co-ops operating in Alberta today. Each of these co-ops is an independent and autonomous body with an elected board of directors that manages the co-ops' business affairs. Alberta gas co-ops supply over 65,000 rural consumers through a 40,000-mile network of pipelines, and there continues to be up to 4,000 requests for new services every year. Those numbers are impressive, but what is even more impressive is that those co-ops were built by volunteers, by farmers who contributed literally thousands of hours of their own time to organize and build the world's largest rural gas pipeline system. It's this kind of dedication, Mr. Speaker, that makes me proud to be a rural Albertan.

Thank you.

head: **Projected Government Business**

MR. SPEAKER: The hon. Opposition House Leader.

MR. MITCHELL: Thank you, Mr. Speaker. I rise to ask the Government House Leader what his plans are for the agenda for the Legislature next week. I would say for the record that we are requesting that the Department of Justice be the subject of estimates debate next Thursday afternoon.

MR. KOWALSKI: Mr. Speaker, the government is pleased to accommodate such a request.

On Monday, the order of business in the afternoon. We would anticipate beginning with the review of private Bills and going into Committee of the Whole to deal with private Bills 1, 7, 8, 9, 10, 11, 12, 13, and 14. Following that, we'll be dealing with Committee of Supply with the estimates of the Department of Municipal Affairs. If there's time in the afternoon, we would be looking at Bill 10, the Alberta Registries Act, and Bill 11, Alberta Corporate Tax Amendment Act, 1993. It would not be the intent to sit Monday evening.

On Tuesday, October 26, Mr. Speaker, under that one segment in the afternoon for Government Bills and Orders, Second Reading, we would either be dealing with Bill 10, 11, or 12, depending on what progress might have been determined on Monday. In the evening it will be Committee of Supply with respect to the estimates of the Department of Energy.

On Wednesday evening we would be beginning with the Alberta heritage savings trust fund capital projects division estimates and, if there is time remaining, would also be looking at one of those Bills 10, 11, or 12, depending on what progress is made earlier in the week.

On Thursday, October 28, to accommodate a request from the House leader of the Liberal opposition, the Minister of Justice will be returning to deal with the estimates of Justice and Attorney General. Mr. Speaker, I might point out that Thursday, October 28, would thus be the 25th day of estimates, and it would be vote time.

Point of Order

Oral Question Period Rules

MR. DECORE: Mr. Speaker, I rise on *Beauchesne* 408(1), 409(5), and 491. The point of order is in connection with the question and the supplemental questions put by the hon. Member for Three Hills-Airdrie. Perhaps I should start by reading 408(1). *Beauchesne* says that questions for Oral Question Period

be asked only in respect of matters of sufficient urgency and importance as to require an immediate answer.

Citation 409(5) – I think this is really the most appropriate of all – says:

The matter ought to be of some urgency.

That is, the question that is being put.

There must be some present value in seeking the information during the Question Period rather than through the Order Paper or through correspondence with the Minister or the department.

Now, the research wasn't well done; the homework wasn't done. The minister in fact himself said: I don't get involved in individual files; if you'd called me, I would have directed you in the proper direction. Every MLA in this Assembly knows that there is a special swat team that is assigned by WCB to look after individual cases.

This matter should have been shut down by you, sir. You have that power. The power is there to use so that matters of emergency, an emergent issue, can be dealt with and answered, and Albertans on a much bigger basis, global basis, can be satisfied.

2:40

Now, sir, I am no angel. I admit that. I admit that sometimes I interject and intervene, and you're quite correct in taking me to task on that. I would quote section 491 where it says:

The Speaker has consistently ruled that language used in the House should be temperate and worthy of the place in which it is spoken.

I would bring to the Speaker's attention the fact that the hon. Member for Calgary-North West used the words "shut up" in this Assembly and was taken to task by the previous Speaker – in fact, not only taken to task but was ordered to withdraw those words. I know and I accept the fact that I am no angel, but I think there is one way to deal with an angel and there's another way to deal with an angel, and I would simply like to draw that to the Speaker's attention.

Thank you, sir.

MR. DAY: Referring first of all to *Beauchesne* 408, it can be argued, and in fact should be, that the member did have a question reflecting genuine urgency. A constituent obviously in physical distress as well as financial distress is a matter of urgency. There are certain departments within WCB that handle certain types of complaints, but I can tell you, Mr. Speaker, that when an individual or an MLA follows certain guidelines and still doesn't get satisfaction, it does become a cause for concern. Legitimately, much like a class action can proceed, an MLA was standing raising a specific concern but to the broader issue of, "What do I do now?" So it was legitimate, and it was urgent.

I might suggest, too, that members opposite have engaged in a little practice where they bring people into the Legislature – individuals, very specific cases – introduce them at the proper time when there can be introductions, and then refer to that in question period. So they use question period time to go through little dramatics and theatrics and carry on for very specific cases. "No angel" is what the member opposite said, and I think that's an understatement.

Also, on a more serious note, *Beauchesne* 71 talks about reflections on the Speaker. It's one thing for us in this Assembly to rise and ask for your esteemed wisdom on a certain point. That is one thing, but to rise and say, Mr. Speaker, that you should have done this or you should have done that I would suggest goes beyond the bounds of propriety that are suggested to us and beyond the bounds that *Beauchesne* lays out for us.

Those are the two points I'd bring to you for consideration, Mr. Speaker, should you decide to give consideration.

MR. SPEAKER: The hon. Member for Three Hills-Airdrie.

MS HALEY: Yes, Mr. Speaker. On 409(4) in *Beauchesne*: "It ought to be on an important matter, and not be frivolous". It was never my intent to be frivolous. My job as an elected MLA is to represent my constituents, and that's what I was doing. It is a matter of some importance and urgency to him. He asked me to raise it, and I did that. I never meant to waste question period time, and I don't believe I have.

MR. SPEAKER: It's apparent this is Thursday again, but the Chair would like to have this Thursday end on an upbeat rather than a downbeat. The Chair wants to say that it certainly takes no offence from anything that has been said with respect to this point of order, but the Chair would respectfully remind front-bench people on both sides that they are in positions of leadership, like the Chair. The Chair will admit that perhaps it was a little testy today in respect to the noise and the heckling that was going on, because the Chair has a special responsibility.

I guess the Chair will also say that it's no angel, as none of us are in this Assembly. While the words used have not been ruled unparliamentary specifically, similar words have. The Chair would say that it regrets using those words at this time but also wants to remind hon. members where we all are. In that connection, regarding calling people to order with respect to the rules, the Chair didn't do it but wants to comment on the words used by the hon. Member for Sherwood Park in his question. "Concealing" and "hoodwinking" really are offensive under 23, which refers to imputing of motives.

The Chair is under a little bit of difficulty because it doesn't have prior notice of any of these questions and really is unaware of the background of what has happened in the hon. Member for Three Hills-Airdrie's constituency. So all the Chair would like to say at this time is that we've had a similar example of a complaint about a question under *Beauchesne*. These complaints can apply to many members of the House and not just the hon. Member for Three Hills-Airdrie, but we should all pay more attention to what is required.

Thank you.

head: **Orders of the Day**

head: **Committee of Supply**

[Mr. Tannas in the Chair]

MR. CHAIRMAN: I'd call the committee to order.

head: **Main Estimates 1993-94**

**Executive Council
Federal and Intergovernmental Affairs**

MR. CHAIRMAN: Just so I understand it, it's my understanding that an agreement has been reached between the House leaders of the opposition and the government that we will have a report of

the designated subcommittee that has gone over some of these estimates. The subcommittee chairman would speak for approximately 10 minutes. Then two opposition critics would speak each for 10 minutes. The Premier would then sum up in 10 minutes. These are agreements that I understand have been reached. Does the committee agree with this format?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Opposed? Carried.

Okay. With that we'd call upon the chairman of the subcommittee. Hon. member.

MR. MAGNUS: Thank you, Mr. Chairman. It's again a pleasure for me to be able to rise before this committee this afternoon to present my report from the subcommittee of supply on Executive Council. The subcommittee of supply met for some four hours spread over two days. We sat down together for the first time on Friday, September 24, and wrapped up everything when we met on Thursday, September 30.

I would like to say at the outset of my remarks, Mr. Chairman, that there were to be within the agreement between the two House leaders only five subcommittees formed under the new Standing Orders to review departmental estimates. While in fact this was true, within the spirit of openness and co-operation this Assembly has in fact reviewed six departmental estimates through the new subcommittee process.

2:50

Premier Klein is responsible for Executive Council as well as being the minister directly responsible for Northern Alberta Development Council, personnel administration office, the Public Affairs Bureau, as well as the Department of Federal and Intergovernmental Affairs. As such, during our meeting members of the committee asked the Premier to respond to questions regarding FIGA, or Federal and Intergovernmental Affairs, estimates. The Premier graciously agreed to this change. As a result, the subcommittee on Executive Council actually reviewed the estimates for not one but two departments.

These subcommittee meetings are an important part of the new committee system, Mr. Chairman, and are designed to bring MLAs and Albertans closer to the decision-making process. The Leader of the Official Opposition himself stated, and I quote from *Hansard*, that he was pleased to

see in a much more detailed way the process of being able to probe and look at and ensure that taxpayers' moneys are . . . well spent.

Mr. Chairman, I can report to this committee that the discussion was lively, the responses from the Premier and his senior officials concise and to the point, and the process of reviewing this particular subcommittee thorough and complete within the programs reviewed. In light of the work that was accomplished, I would also like to thank the Premier and his senior officials for their co-operation and all members of the committee for their participation. The level of decorum maintained during the process and the effort made by all parties to maintain this decorum was a great assistance to me in my role as chairman of this meeting.

I would like to point out, however, that as a subcommittee we could have and should have focused our attention more towards budget review than purely philosophical debate on policy, which occurred during our first sitting. The purpose behind creating these subcommittees was to have intensive review of selected departmental estimates, and while everything worked out in the end, I would encourage all members to focus more on the review of estimates in the future.

Mr. Chairman, the subcommittee of the Committee of Supply reviewed those programs under Executive Council to which the Premier has direct responsibility, and the programs reviewed were 1, 7, 9, and, again, FIGA departmental estimates. Program 1 of the Executive Council estimates relates to the Executive Council administration. This program deals specifically with the provision of operating expenses within the Premier's office, administrative services to Executive Council and its members, secretarial and clerical services to the Lieutenant Governor, and operating expenses for the office of minister without portfolio. Discussion of this program focused primarily on the office of the Premier and the budget-planning process.

Program 7, which we dealt with next, deals with Personnel Administration for the public service of Alberta. Specifically, the personnel administration office represents the government as employer in collective bargaining, provides recruitment, selection, training, and other staff development programs to departments, and administers other employee benefit programs. Discussion on this program focused on the review of services provided by the personnel administration office, recent downsizing initiatives, collective bargaining agreements currently being negotiated, and appointment process to provincial agencies.

Program 9 dealt with the Public Affairs Bureau. The bureau provides communication assistance, consulting and purchasing services, electronic and technical support for government communications, operates the regional information telephone inquiry system, and provides related government publications. Discussion on this program focused on the issues of co-ordination of communication within government, revenue-generating functions of the bureau, privatization efforts, and overall benefit to Albertans of this particular department.

Mr. Chairman, as I mentioned at the outset of my remarks, the subcommittee also spent quite a lot of time reviewing the departmental estimates for Federal and Intergovernmental Affairs. This is, of course, the extra budget the Premier graciously and within a spirit of openness and co-operation agreed to review at the request of the committee. This department is specifically responsible for the co-ordination of activities of the government of Alberta in relation to federal and other provincial governments in Canada as well as foreign governments. Discussion on this department focused on the efforts of this government in terms of interprovincial trade barriers, North American free trade, the operating budget and mandate of the Ottawa office, and other services provided by the department.

Mr. Chairman, the process of review of the two departmental estimates was quite thorough. In this particular subcommittee we had both the Premier and the Leader of the Official Opposition, and I would like to thank them on behalf of the other members of the committee for taking time to participate with us in this unique and innovative mechanism of budget review. All members of the subcommittee should also receive thanks for their eager participation and co-operation.

Mr. Chairman, I'd be remiss if I did not acknowledge the participation of the senior administration and the departmental officials in this process. Their responses were straightforward, concise, and very helpful. The Premier has indicated that he would as well be willing to respond to other questions regarding these two departments if they are directed to him.

In closing my remarks to the Committee of Supply, I can say without hesitation that the review of the estimates for Executive Council and Federal and Intergovernmental Affairs was thorough.

Thank you very much, Mr. Chairman.

MR. CHAIRMAN: Okay.

The hon. Member for Calgary-West.

MR. DALLA-LONGA: Thank you, Mr. Chairman. I'd like to take this moment to thank the chairman for a meeting well done, well conducted. Although I don't agree with all of his findings, nonetheless I felt the meeting was appropriately run. I'd also as well like to thank the senior administration for the time they took from their schedules and for the answers they gave.

Mr. Chairman, I guess the process was conducted for the first time, and it was a bit of a trial process. There probably could have been some improvements, and I'm sure there will be some next time. I guess one of the things that concerned me the most is that having an accounting background, I felt I didn't have the appropriate tools to ask the questions. I'll just give you an example. I go to program 1, Office of the Premier, \$799,000; General Administration, \$2,300,000. Probably my favourite one is Public Affairs, \$10,600,000, and so on. I guess what would be necessary next time, if I might make this recommendation to the chairman to see what he could do about this, is: prior to the meeting could we have some of the detail?

[Mr. Clegg in the Chair]

While I'm on that subject, we are still waiting for some of the information that we had asked for. We'd asked for it by phone, and we've again asked for it by a letter dated October 19. It details some of the information which we are still waiting for.

If I might be specific as to some of the information that would be useful to us, I initially started off my questioning to the Premier and to his staff: how do they go about arriving at these numbers, \$2,365,000 for General Administration? As an auditor, whenever I saw "general administration" I thought, well, that's a catchall for a number of things. I'm not implying that there's anything wrong, but I think it's important to know what's in General Administration. Why were those things put in there? I was given the answer that there was a business plan prepared, and so-and-so had input and so-and-so had input, but never did I have any idea as to the specifics. In order to be effective, you have to have more detail.

Now, we're here in opposition. We're here to help you so you don't get into the problems that you've had in the past. That's the basis upon which I ran, by the way. We're here to help you.

AN HON. MEMBER: And God knows they need it.

MR. DALLA-LONGA: And God knows they need it.

So could I have some of these breakdowns of accounts: subledgers, charts of accounts, that sort of thing? It's in the *Hansard*. Could I have a look at some of that stuff that I was promised was going to be provided to me, and the rationale?

This government, Mr. Chairman, has an opportunity. It should seize the opportunity to make a break from the past governments and all the problems that they had.

I guess just to move into a few more specifics, one of the things that concerned me was the minister without portfolio: \$225,000 to run that ministry. We made the point that the job probably could have been run by a couple of backbenchers for \$15,000 per year. Why are we doing that? I just never understood that. The government was still a little fuzzy on the issue of appointments. I really believe the Premier is sincere in cleaning up their act in appointments. I believe he is, but it's still coming out a little fuzzy. Notwithstanding the fact that there have been 57 appointments since taking office, I think he's intent on improving that process.

3:00

We didn't look at all of the votes or programs. Another program that we looked at was Personnel Administration and once

again \$9 million. I don't think it's unreasonable to get some detail as to what goes in there and not just detailed verbally, some detail so one can look and judge for himself. What's in there? Why was it so much last year? There almost seems to be an agenda to keep information. I mean, any other institution, company would have more detail than we were given this last go-round.

I'm going to refrain from getting into any more specifics than that. My overall message, therefore, Mr. Chairman, is that next year we be provided with more details. I would respectfully request from the Premier's office that we get that information we had requested as soon as possible. Thank you.

Now my hon. colleague who was with me, Edmonton-Whitemud.

MR. DEPUTY CHAIRMAN: The hon. Member for Edmonton-Whitemud.

DR. PERCY: Thank you, Mr. Chairman. Again, I would like just to reiterate my compliments to the chairman of our subcommittee on the way it was run and now direct my comments towards the hon. Premier.

In the course of the subcommittee meetings it was not possible to cover all of the various entities that fall under the Executive Council. So I would like to direct some questions with regards to those entities that we didn't discuss.

MR. DEPUTY CHAIRMAN: Excuse me, hon. member. I think you should be standing.

DR. PERCY: Oh, sorry. I'm very sorry. My apologies. Just lost in thought.

With respect to Access, which falls under the Executive Council, and the budget there, I note that that budget has been reduced somewhat and we have heard discussions that it is being considered for privatization. With regards to the budget of Access, I note that when you look at the revenue side of Access, fully 88 percent of it comes from the government operating grant. I would ask the Premier: to what extent, then, have directives been sent to Access to try and increase sources of finances from other sources, particularly from membership drives and from corporate sponsorship? You only need look at the PBS station in Spokane to see that it is possible. In fact, I think it surprises me that more Albertans would be contributing to the educational channels in the U.S. than directing them to Alberta and Access, which I think is a unique vehicle for both long-distance learning, for learning of the Alberta economy and a vehicle for really getting an idea of what we are about as a province. So my question with regards to Access: with regards to the issue of financing, since such a large share of it comes from government grants, have directives or studies been undertaken of more innovative ways of raising financing for Access so it doesn't rely so extensively on grants from the government? If so, I would very much appreciate seeing that they would be made available.

[Mr. Tannas in the Chair]

With regards to Access as well, since again it is, I think, an entity that many Albertans value very much, I would be very curious to see to what extent consultations have been undertaken to see if it's pursuing a mandate that Albertans agree with and that it is as high a profile as it could be, given the broad mandate that it does have. With regards to Access, then, I would just like to know, particularly on the revenue side, what steps have been taken to try and ensure that it relies less on government grants and

therefore is less susceptible to having the carpet yanked out from underneath it.

Another entity that is under the Executive Council that we did not have an opportunity to discuss was AADAC. I have a series of questions with regards to the alcohol and drug abuse treatment prevention agency. If you look at the budget for this agency, and you look at the budget for Prevention and Education, which would be vote 12.0.2, you see that that has been reduced by the greatest percentage of all the subprograms under AADAC. I would very much like to know what studies really justify that the prevention aspect of this agency's mandate have led it to take such a hard hit on that side. I would think expenditures on prevention in fact yield very significant gains in terms of subsequent treatment. So I would like to know why the cuts on the Prevention and Education component. That is 12.0.2. It's a 36.1 percent decrease when the overall cut to the budget of AADAC is 11.7 percent. I think it's very important on the prevention side that we invest there. I would like to know what direction is given to AADAC in terms of which preventive programs should be cut first. Is there a priority listing, and is there criteria in place under which we know which is cut first?

In vote 12.0.5, which are the funded agencies through AADAC, I note that funding has been cut to the Henwood rehabilitation centre to the point that the facility must now demand user fees. Many of the individuals that in fact go to such an agency really are not in a position to pay user fees, and it would be in society's best interest that in fact they be treated. So I would ask why the funding has been cut to Henwood to such a great extent. Could you give us the information, again, which showed that Henwood was being run inefficiently and justify the reduction in operating funds for this facility? It was our understanding that it really was a well-run entity. We would like to know why something which is really providing a very valuable service and will save significant expenditures down the road has been cut so significantly.

Again under 12.0.5, Funded Agencies, we'd like to know why the George Spady detoxification centre ran out of funding last year and was forced to close for the months of July and August. I would think that, again, for detoxification centres this is something that is on route all the time. It's not something that should be shut down for a summer holiday because of spending cutbacks. I would like to know, with the reduction in funding for AADAC, what will be the impact on detoxification centres throughout Alberta? It would be very useful to have a status report on this impact so that we can get a handle, then, on what the consequences are of cuts to an agency such as AADAC, which many Albertans would view as being very important in terms of trying to prevent human waste and suffering.

With regards to the Alberta Family Life and Substance Abuse Foundation, it has recently been merged with AADAC. Could you please tell us the status of funds in the foundation? What have been the consequences of this merger, and have there been efficiency gains? We would also like to know out of which budget research activities will now be funded for the research undertaken by the substance abuse foundation. Certainly I think the amalgamation is a good move, because they cover very similar areas. We would like to know when the merger process will be completed. Again, what is the nature of the anticipated savings, and will any of these savings be plowed back into the agency to try and deal with some of the priority areas that have been cut in the prevention and education area in AADAC?

With regards to the Natural Resources Conservation Board, which again falls under the mandate of the Premier and the Executive Council - it's program 4 - I note that the Natural Resources Conservation Board budget has been reduced from \$2.2

million to \$2 million. In light of the increasing demands on the Natural Resources Conservation Board as we pursue a variety of forestry initiatives, as other areas come under the purview of the Natural Resources Conservation Board, I wonder whether or not that cut could be justified. It is important, in light of the controversy that surrounded the evolution of the northern forestry initiatives, that we have a vehicle in place that provides arm's-length analysis of both the private and social impacts of large-scale undertakings in the forestry/agricultural sectors.

3:10

With regards to the ERCB, again let me go on record as stating that I think the ERCB represents an outstanding government entity. I think it is respected throughout North America in terms of the quality of its assessment of energy projects undertaken within the province, in terms of the depth of its expertise and its ability then to provide again an arm's-length mechanism for reviewing projects that come forward. I think it's an outstanding entity and has really served the province well. My questions again deal with amalgamation. We also have in place the PUB. With regards, then, to government reorganization, is there in fact a restructuring to occur, and if so, can we have an idea of the anticipated efficiency gains and budget savings?

Thank you very much, Mr. Chairman, and again my apologies for sitting initially.

MR. CHAIRMAN: Okay.
The Premier.

MR. KLEIN: Well, Mr. Chairman, thank you so very, very much. I'm not quite clear as to the process. I thought we were sort of operating under the old system where I would have the opportunity to make the opening remarks. I understand now that really the committee chairman would make the opening remarks, and then there would be a statement from one of the members of the opposition, then I would have an opportunity to make my opening remarks, then we would open it for questions and/or debate.

If you'll permit me, I'd like to make some opening remarks now, if I can, or some remarks generally.

MR. N. TAYLOR: We can't stop you.

MR. KLEIN: Fine. We're in committee, and I understand that the rules are somewhat less formal than they would be in a legislative setting, so I'll go ahead with my remarks, period. We won't call them opening or closing remarks. We'll just call them my remarks, if you'll bear with me.

First of all, Mr. Chairman, I would like to thank you. As we near the end of our first run with this new hearing process, I would like to first of all express my gratitude to the committee members for their interest and thoroughness and to the administrative staff for their assistance, and I would like to thank the chair, the hon. Member for Calgary-North Hill, for his able facilitation of the meeting and for delivering his report today.

Mr. Chairman, this government believes in the team approach, and I want to acknowledge those ministers who are responsible for budgets within Executive Council. The ministers who are here today: we have the hon. Minister of Environmental Protection, the hon. Minister of Family and Social Services, the hon. Minister of Municipal Affairs, the hon. Minister of Labour, and the hon. Minister of Public Works, Supply and Services. I'm sure other members of Executive Council will join us as the afternoon goes on.

Mr. Chairman, this year has been one of unprecedented challenge and change for Albertans. Reflecting the agenda set by

the people of this province, our government is changing the way we do business in providing quality programs and services to Albertans at a price we can afford. We have always maintained that Alberta does not have a revenue problem but a spending problem, and today we are seeking new ways to provide efficient and affordable government under our plan to balance the budget. That's what this process is all about. Indeed, I appreciate the participation of the opposition in the new system of the subcommittees of supply, in giving the opposition members a chance to ask detailed questions of ministries so designated.

The departments I'm about to discuss – Federal and Intergovernmental Affairs, the personnel administration office, and the Public Affairs Bureau – are good examples of the kind of quality and affordability that Albertans want and need.

Mr. Chairman, first to deal with the Department of Federal and Intergovernmental Affairs, which is my ministry. It is the smallest department in government, with a budget of \$6.6 million for 1993-94 and 77 staff. This represents a 12.7 percent reduction from the 1992-93 comparable estimates. Although it's the smallest, FIGA is by no means the least important. Given the fundamental changes sweeping our world and our country, the need is more urgent than ever to represent Alberta's interests on trade, the economy, and federal/provincial relations. FIGA helps articulate, promote, and protect Alberta's interests on these and other crucial matters within Canada and the international community. FIGA has a lead responsibility for eliminating the red tape and duplicated effort that complicate dealings with other governments. As well, FIGA is involved in comprehensive federal/provincial negotiations to eliminate interprovincial trade barriers. The benefits to Alberta of a more open Canadian market would be increased efficiency, a lower cost of doing business, and a more competitive position in world markets.

FIGA is co-ordinating government efforts to promote Alberta's global economic interests. For example, my three-week mission to Asia next month will promote the export of Alberta's value-added products and encourage more investment in our province. Mr. Chairman, we've been asked: what will Albertans get out of this mission? The answer, I guess, generally is continued economic growth and prosperity. Our ability to create jobs, the jobs of tomorrow, depends on how successful we are today in continuing to develop the booming new markets of the east Pacific.

FIGA is working to ensure Alberta's interests are reflected in Canada's position in international trade negotiations, such as the North American free trade agreement and the general agreement on tariffs and trade. As you know, trade agreements affect many areas of provincial jurisdiction, such as labour and the environment. We are working with Ottawa to determine how the NAFTA side agreements could be implemented by the provinces and what the nature of Alberta's participation will be.

Albertans and all Canadians face the prospect of dramatic change after Monday's federal election, and the likelihood – and I say this with all sincerity, and I think it's a reasonable assumption – of a regionalized Parliament will, in our view, put the onus on provinces to be stronger than they have ever been before in articulating and promoting their interests at home and abroad. Mr. Chairman, whatever the election outcome, Alberta will be a strong advocate for a major re-evaluation of federal spending priorities and federal/provincial fiscal relations. The intergovernmental challenges ahead of us represent a turning point in the history of our country and our province. It is essential that Alberta, through FIGA, be well informed, well prepared, and well positioned to deal with them.

Mr. Chairman, turning now to the personnel administration office. The Alberta government is of course, as we all know, a major employer in the province, the largest employer in the

province. The personnel administration office, or PAO, is its central human resource arm. Its main mission is to provide strong policies, programs, and systems for departments to ensure a contemporary, consistent, and fair approach to human resources. PAO's business has changed over the past years. It has delegated authority and responsibilities to departments in areas such as pay and benefits administration, recruitment and selection. PAO has made a significant move away from direct program delivery to a consultative role. For instance, rather than delivering training courses directly, it acts as a broker and contracts with the private sector in both education and career development. It is PAO's job to ensure we manage our employees with fairness and consistency, and using those principles, it designed one of the most successful voluntary work force reduction programs in the country. Using a severance allowance negotiated with the Alberta Union of Provincial Employees, the early voluntary options program attracted 1,847 employees.

As well, PAO negotiates collective agreements with the Alberta Union of Provincial Employees. The majority of AUPE subsidiaries have signed agreements of zero percent increases in each of the two contract years. PAO will continue to seek new and innovative approaches to work with its unionized work force in the area of immense change. PAO's budget has been reduced by 6 percent from last year to \$9.2 million. The streamlining of PAO mirrors all of our government downsizing, and we have accomplished reductions with fairness and compassion without large-scale layoffs and with full regard for our employees.

3:20

Mr. Chairman, the Public Affairs Bureau provides professional support to government in its communications with Albertans. In this age of information the meaningful, effective, and efficient flow of information is important, and in this age of reinventing government it is critical. For our government good communication with the people we serve and with our employees is a priority. Albertans want a more meaningful role in the decision-making in this province. They want more information on what we are doing and why, and they want an open and ongoing dialogue with their government.

In reflecting the agenda for change set by Albertans and the role of communications in that change, the Public Affairs Bureau is positioned to support the government as a governmentwide service agency by delivering co-ordinated and cost-effective services within government and to the people we serve. The bureau provides government departments with professional communication services, such as the planning of creative development, co-ordination, specialized writing and editing, and implementation of programs such as Action on Waste for Environmental Protection, Aids to Daily Living for Family and Social Services, and the 4-H program for agriculture.

Mr. Chairman, last year the bureau also generated about \$1 million in revenue from sales at bookstores selling government publications, and it is pursuing innovative ways to build on that service to the public. In terms of downsizing, the Public Affairs Bureau is continuing its efforts to streamline its operation and reduce costs. This year those efforts included a 9.3 percent cut in its budget from last year to \$10.7 million and an 11.7 percent cut in positions from 213 to 188. As part of its ongoing assessment of its core businesses, the bureau has privatized in areas such as its display warehouse and exhibit services this year. The bureau is meeting government downsizing requirements and will continue to do so.

In closing, Mr. Chairman, I would like to say a few words about these hearings themselves. It was an honour indeed to participate in the new process resulting from the recently introduced parlia-

mentary reform initiatives, and I must reiterate that it was an initiative that was not entirely the government's. It involved the tremendous and very significant contribution of the Liberal opposition. It was an honour to appear before the subcommittee of supply which considered the estimates of Executive Council on September 30. The members seemed to have found this new process useful and helpful and jumped in, I think, bravely and aggressively with both feet. The new process, I believe, provides an opportunity to study and discuss the 1993 budget of Executive Council in detail, as pointed out by the hon. Member for Calgary-West, and to answer questions from a committee which includes both opposition and government members.

Now, having done that, it is my hope that this House will approve these estimates, and we can continue to get on with conducting our business for Albertans.

Thank you, Mr. Chairman.

MR. CHAIRMAN: The committee is reminded that we are looking at the estimates of the Executive Council that have been reviewed by the subcommittee. The Premier has moved that we call the vote. Are you ready for the vote?

HON. MEMBERS: Agreed.

Agreed to:

Program 1 – Executive Council Administration	
Total Operating Expenditure	\$3,567,029
Total Capital Investment	\$30,000
Program 2 – Northern Development	
Total Operating Expenditure	\$6,917,710
Total Capital Investment	\$6,000
Program 3 – Energy Resources Conservation	
Total Operating Expenditure	\$19,900,000
Total Capital Investment	–
Program 4 – Natural Resources Conservation	
Total Operating Expenditure	\$2,005,000
Total Capital Investment	–
Program 5 – Water Resources Advisory Services	
Total Operating Expenditure	\$517,000
Total Capital Investment	\$23,000
Program 6 – Disaster Services and Dangerous Goods Control	
Total Operating Expenditure	\$35,991,982
Total Capital Investment	\$65,500
Program 7 – Personnel Administration	
Total Operating Expenditure	\$9,077,000
Total Capital Investment	\$123,000
Program 8 – Multi-Media Education Services	
Total Operating Expenditure	\$16,100,000
Total Capital Investment	–
Program 9 – Public Affairs	
Total Operating Expenditure	\$10,662,000
Total Capital Investment	\$38,000
Program 10 – Premier's Council in Support of Alberta Families	
Total Operating Expenditure	\$604,320
Total Capital Investment	\$15,000

Program 11 – Premier's Council on the Status of Persons with Disabilities	
Total Operating Expenditure	\$697,000
Total Capital Investment	\$3,000
Program 12 – Alcohol and Drug Abuse – Treatment, Prevention and Education	
Total Operating Expenditure	\$28,406,000
Total Capital Investment	–
Program 13 – Workers' Compensation	
Total Operating Expenditure	\$5,500,000
Total Capital Investment	–
Program 14 – Metis Settlements Accord	
Total Operating Expenditure	\$7,440,500
Total Capital Investment	\$10,500
Summary	
Total Operating Expenditure	\$147,385,541
Total Capital Investment	\$314,000
Department Total	\$147,699,541

3:30

MR. EVANS: Mr. Chairman, I move that the vote be reported.

[Motion carried]

MR. CHAIRMAN: We will do that when we rise.

MR. CHAIRMAN: Now, Federal and Intergovernmental Affairs: the consideration of the estimates of that department.
Redwater.

MR. N. TAYLOR: I was waiting for the Premier to introduce it.

MR. KLEIN: Well, I did.

MR. N. TAYLOR: You did with the whole works, eh?

MR. KLEIN: Yes. I won't repeat it.

MR. N. TAYLOR: Thank you. Then I have more time than I thought.

I wanted to hit on a couple of issues. One I'm very concerned about is interprovincial trade barriers. We've done a lot of talking about it, but anybody who's been in business in this province, particularly international or north-south business, is quite aware of the fact that there are more restrictions in trading between the provinces than there are in trading between Canada and the U.S. Now, I've pushed for some years for a GATT type of organization within Canada, which is basically one where the provinces would agree to give up a certain amount of their autonomy, the way Germany, France, the U.S., and Canada have to GATT, and have an organization that would meet in public, as GATT does, and try to reduce the trade barriers to zero. Instead, what we have is negotiations between the provinces that are usually done in privacy and no real input or pressure from the public, which is what you get with GATT. When GATT talks about changing the grain tariffs or the canola oil tariffs or anything else like that, it sends a vibration right around the world, and they sit down and start talking about it.

But in Canada these restrictions between the provinces are time and time again regulatory rather than by law. In other words, they're quite often by bureaucracy. In GATT, if some bureaucracy does something, you can bring it up to GATT and a discussion goes on. Here if a bureaucracy decides that Alberta truckers can't be in Saskatchewan, or the bureaucracy decides that in Alberta we don't care for Manitoba sugar coming in – we have all these silly things that we can look at: we can discover boll weevils in the sugar or some other type of bug in something else – we can cut off trade. Yet there's really no appeal body, and I feel that there has to be something like this. I know that the goal has been set by the negotiators right now, one of whom is Mr. Horsman at an estimated salary of 90,000 simoleons a year – \$90,000 is what they estimate, but maybe the Premier could correct me – and we're supposed to reach an answer by July '94. I'd be interested to know, if we haven't got an answer by July '94, whether Mr. Horsman's going to be let go.

The other area in interprovincial funding is OSLO; that's the other six lease operators in the heavy oil area. One of the reasons that that's been on hold is because the federal income tax laws will not allow a write-off of any money you spend on putting together the tar sand plant until you are in production. Well, the trouble is that with a plant like that, it may be four years before it comes into production. So you lose the interest on deductions for the four years or so it takes to build a plant. I get the impression that the government here hasn't pursued with the past Tory government as hard as they should the whole idea of tax relief for anyone or any company that invests in the tar sands. As soon as the money is spent, they should be able to deduct it from their profits at the time.

Another area of some concern – this is right to the point – is more the department staff. We note on page 187 that your full-time equivalent staff has been reduced from 88 to 77 employees. You've reduced it by 11, but we still have 77 people covering that. Now, when you stop to think that Ontario, which has four times our population, has only got 60 staff – in other words, we've got 77 and Ontario has 60 in Federal and Intergovernmental Affairs – and they're four times larger, maybe you'll say, “Well, what's the difference in Ontario?” How about B.C.? They're 1.3 times larger. They only have 15 people, compared to our 77. So although the minister can take some credit for cutting the department, Federal and Intergovernmental Affairs is still by far the most overgrown department that we have in Canada. I would suggest that you might approach somebody in Ontario or B.C. to do a little consulting. This is particularly insulting to a party that prides itself on being able to cut bureaucracy. When the NDP has fewer employees than you have, there's something very, very much wrong. Hang your head down, John Dooley; hang your head in shame when the NDP can run it with less people.

AN HON. MEMBER: Tom Dooley.

MR. N. TAYLOR: Yeah. [interjection]

MR. COLLINGWOOD: You're insulting Sherwood Park.

MR. N. TAYLOR: Yeah, I know I'm hurting your feelings.

It still appears – and the Premier should take some credit for cutting, but they're not cutting brutally enough – that you have four assistant deputy ministers. Four assistant deputy ministers: that's 25 percent of the B.C. staff. I mean, what have these people got that they can keep on? Some sort of tenure? Couldn't we employ them somewhere else gainfully, like driving school buses or going out to meet labour rallies or something like that?

This is just the votes in the estimates. Now, let's move off the estimates for a minute and talk about Senate reform. As you know, Mr. Premier, I was the originator of the idea back in the good old days, in the '80s, saying: "There's no need to wait for the federal government to talk about an elected Senate. We'll go ahead and elect him, and it'll be fine. Tell them that whether they like it or not, they have to do it." One of the few times in my life I've been listened to. After all, with a wife and nine children, you don't get listened to that often, you know, so when the Tories decided to hold an election, I was indeed very enthused. [interjections] Yeah. Enough said here.

When it comes to senatorial . . .

AN HON. MEMBER: If you talked more, you'd have less kids.

MR. N. TAYLOR: I don't know. Mr. Premier, I wish you'd take your backbenchers here out and wash their mouths out with soap, you know. They've got some very dirty minds.

AN HON. MEMBER: *Hansard* can't record smiles.

MR. N. TAYLOR: This has to do with Senate reform. We had a Senatorial Selection Act going. We were rolling along quite nicely, yet the old Prime Minister dances out here, and instead of singing *When Irish Eyes are Smiling* – I don't know what he did – the Premier came out and said: Well, we don't need an election; go ahead and appoint Ron Ghitter. I mean, after all, he's the bag man and everything else.

Well, why did you break it up? We had something going for ourselves. We were rolling nicely. We were electing Senators. We were something that everybody in Canada was looking up to. Then we go back to the oldest system of all, as any Liberal or Conservative can tell you; that's putting a bag man in the Senate. When I was knee high they were putting . . . [interjection] Well, in those days they put Liberals in the Senate because the Liberals were mostly in. The point is that they're putting Tories in it. Two wrongs don't make a right. The point is that we finally broke loose; we broke the bounds of Earth and were out there in the stratosphere, leading people with a Senate selection process. We even passed an Act. They even have a Taylor amendment in it, that nobody's allowed to run for the Senate if they're still an MLA, because they were afraid I might get nominated. Thank God I didn't at the time probably, because that's when the whole province went Reform on us. So you probably saved me from getting run over by a truck. The point was that they put in the Taylor amendment to make sure that I couldn't run. The point at that time was that if you ran and got elected, you might sit on your hind end for the next 20 years before you were appointed, and you would end up being no place. So with the Senatorial Selection Act we had done it. We had gone ahead, and it had been accepted. Then the Premier dropped it to appoint Mr. Ghitter, who I'm sure is a very efficient collector, although I gather he did run into a certain amount of problems at the time.

That is all I have to ask. I think some of my colleagues want to put in a few words.

Thanks.

3:40

MR. KLEIN: Mr. Chairman, I would like to reply, if you want me to. Or do you want me to wait until all the questions have been asked? These are fresh in my mind now.

AN HON. MEMBER: We want to hear from you, Ralph.

MR. KLEIN: Fine. Well, I'm just going to respond to some of the specific questions that were raised.

Relative to the international trade barriers in the ongoing negotiations, I find that the hon. member's suggestion is an interesting one. Indeed, that might be one of the recommendations of the commission. I would like to see that kind of open forum and have that kind of discussion relative to the breakdown of those barriers. I agree with the hon. member that those barriers are perhaps much more of an impediment to meaningful trade than some of the international trade barriers that we're trying to address through the GATT process.

Relative to Mr. Horsman's reappointment, of course that will be considered in July 1994 after the commission reports. It may very well be that the report will be satisfactory and will indeed recommend a process to break down those barriers. If that is the case, Mr. Horsman's contract will certainly be suspended at that time or will be brought to an end. If there is ongoing work to be done, then whether he will be reappointed will have to be considered. I should point out that the \$90,000 is not just his salary. It includes expenses as well, and it is capped at \$90,000. So it's salary and the expense of going to the commission meetings and so on.

OSLO: the tax relief proposal. That's an interesting one as well. I haven't given that any consideration, but perhaps that could be referred to the Tax Reform Commission for some kind of recommended action that this government could take relative to getting the kinds of tax concessions the hon. member alluded to.

The comment on department staff quite specific to the FIGA estimates. It's my information, Mr. Chairman, that it's very hard to compare Alberta's FIGA budget with intergovernmental affairs departments in other jurisdictions in Canada, because not all of these departments perform the same functions. They all operate in different ways. In Alberta FIGA takes the lead on international trade policy negotiations, NAFTA and GATT – that in itself is a big undertaking – the interprovincial trade barriers, as mentioned, and the reduction of overlap and duplication amongst government services. As well, we have responsibility for translation and some protocol functions. In many other provinces, these functions are provided through different departments and agencies. I would like to point out that Alberta's spending on intergovernmental relations compares favourably to other provinces. Similar intergovernmental affairs functions in Quebec are budgeted at over \$18 million, not including negotiations on internal trade barriers and protocol. In Ontario they spend around \$12 million on intergovernmental relations alone. Newfoundland spends approximately \$3 million, excluding protocol and international trade negotiations. So notwithstanding the staff differential and understanding that there are different functions performed by different departments in different provinces, I think that we compare quite favourably.

Relative to the Senatorial Selection Act and FIGA's role, certainly that Act is still in force, and certainly the hon. member is absolutely right. I'm glad that he wasn't elected Senator with no hope of ever getting into the Senate because it's so enjoyable and so nice to have him here. But the hon. member's absolutely right, and that's why I said it is somewhat, I guess, a waste of time to pursue something that isn't going to happen anyway. In other words, unless we can get assurance from the Prime Minister that the person we elect is the person who is going to be appointed, why go through the expense of electing that person and, as the hon. member says, have that person sit on his butt for 20 years waiting for the appointment to the Senate? I agree wholeheartedly that there should be an elected Senate and that it should be elected and equal and effective. That's what we will strive for. Since the hon. member is so interested in pursuing this,

I would invite him to participate with this government to persuade – if it is Mr. Chrétien – with all aggressiveness . . .

AN HON. MEMBER: What do you mean “if?”

MR. KLEIN: Well, okay. You might say “when,” but if or when it's Mr. Chrétien, pursue vigorously and collectively and co-operatively an effort to get him to accept the idea and the concept of an elected, equal, and effective Senate and get rid of all this patronage stuff. I would love for him to do that with me.

MR. N. TAYLOR: After me, you come first.

MR. KLEIN: Okay.
Thank you, Mr. Chairman.

MR. CHAIRMAN: Edmonton-Whitemud.

DR. PERCY: Thank you, Mr. Chairman. With regard to FIGA, there were a number of areas that we were not able to cover within the subcommittee meeting. These deal in a sense with the role of FIGA in acting as an umbrella for the extensive array of linkages between the provincial government and the federal government.

The first issue I'd like to touch on is that in May 1992 there was a document that emerged, Rebalancing Federal-Provincial Responsibilities. It really dealt with issues of overlap between provincial expenditures and federal expenditures. It tried to demarcate or disentangle those areas where there was overlap, particularly in expenditure programs. In fact, some of the issues raised there were incorporated in the Charlottetown agreement in terms of trying to reduce the degree of duplication over federal and provincial government programs.

I would very much like to know what has happened to some of the initiatives proposed in that document. I think they were very worthy and really were worthy of being pursued very aggressively by this government in its relationships with the current government and whatever government emerges after Monday, because I think that program duplication represents a very serious problem in the Canadian economic union, not only program duplication but certainly regulatory overlap. There have been some efforts in that regard at reducing the degree of regulatory overlap. Since FIGA by its very nature has to play the lead role in this, I would very much appreciate knowing what has been the fate, then, of the initiatives proposed in Rebalancing Federal-Provincial Responsibilities, the issue of disentangling.

3:50

We know, as I say, there have been some moves in this regard with regards to regulations, some in terms of programs, but there's a great array of expenditure programs where there's still extensive overlap and, I think, costly duplication. In this regard, that document noted as well the arbitrary cutbacks and the variety of federal transfers to provinces and the very arbitrary way in which the so-called have provinces were singled out for special treatment in some of these transfers, particularly CAP, for example, and CAPA. I would appreciate knowing what representations or what effort or what studies have been undertaken by FIGA to assess the cost of this. Rebalancing Federal-Provincial Responsibilities put an estimate for '92-'93 at somewhere around \$900 million; for the current year it put it at close to a billion dollars. But that was never very aggressively pursued with the federal government in terms of the effect that that downloading has on the provincial budget and then on the local government as the provincial

government, as cheese in the middle, cuts back. I think it is an issue that has to be pursued, should have been pursued far more vigorously because those are Alberta taxpayer dollars. A poor person living in Alberta has as much right to federal transfers as a poor person in the maritimes. The issue is: you're poor, you're deserving of those transfers, and I don't think there should be a distinction made between have and have-not provinces in terms of these transfers that are ultimately destined for individuals. I would certainly like to see what studies, then, have been undertaken by FIGA in this regard and certainly the nature of representations made as to the costs of this downloading on individuals.

An area that I think FIGA is also active in is in terms of labour market issues. Again we hear very little of its role; I would appreciate knowing exactly what the role of FIGA is here. Certainly labour market programs played a major role in the late Charlottetown accord. There were initiatives discussed between the current Prime Minister and the current Premier of Quebec with regards to manpower training programs. I would like to know whether or not Alberta has made strong representations in this regard and whether or not we're still actively pursuing them.

If you look at the demographics, it's very clear that with an aging population, interprovincial migration is going to be less and less important. So training of individuals in place in the province is going to be increasingly important, because we're going to have to generate domestically a lot of the human capital we formerly imported from other provinces as the economy boomed. People are just less responsive to economic incentives as they grow older. They're a little more set in their ways and have quite a few more assets that they'd have to unload if they were going to respond to differential employment opportunities. I would like to know what FIGA is doing in this regard. I think interprovincial trade barriers are important, but I think that promoting the Canadian economic union and labour flows, reducing barriers to labour mobility, and ensuring that Canadians, regardless of province of origin, have equal access to federal dollars with regards to manpower training is of fundamental importance. So I would be very curious to know the links between FIGA and advanced education and manpower: what has been proposed, the studies that are under way, and what has been funded to highlight this.

Another area that again falls in FIGA, probably in terms of its co-ordination with advanced education and manpower, an area where I have not heard of much research being undertaken, relates to the unemployment insurance program. That is a misnomer if there ever was one, because it is not insurance by any stretch of the imagination. It is income maintenance for depressed regions. The issue here is whether or not FIGA or advanced education and manpower or Treasury have looked at alternate unemployment schemes which might be provincially based and actuarially sound. The current structure of these programs discriminates against provinces such as Alberta; the duration of unemployment here tends to be shorter and far more cyclical. The programs are set up really to generate income for chronically depressed regions. I think it is in Alberta's best interest to be very vigorous in terms of promoting reform of the unemployment insurance program and making it either a true insurance program or having some of the funds therein transferred or applied to manpower training and retooling.

Another area I'd like to discuss with regards to FIGA is that as this government proceeds to promote three-year business programs, there are some departments where it perhaps is very easy to measure output of programs and to set performance indicators. It's not at all clear to me what the output of FIGA is in the sense of anything that you can set a performance target to. With other departments you can. You can at least minimize the damage, for

example, of some that have been providing loan guarantees, et cetera. Given the sort of ephemeral nature of FIGA's work, which is very important, how do you set up a business program that ties into its job of co-ordination across provincial departments and co-ordinating with the federal government? If business programs are to work, there would have to be explicit performance targets set out and some ability to measure that performance. Just in this House in the last couple of days I'd advocated efficiency audits as being one way of going at that, but it did not meet with the general approval of this Legislature. So as the government moves down this path, I would think that for a flagship department such as FIGA it ought to be set out very explicitly how one measures its output. I know that is not directly related to the budget at hand, but I certainly think it is an issue that has to be addressed, and it would be addressed in subsequent budgets.

Those are all my questions, Mr. Chairman.

Thank you.

MR. CHAIRMAN: Hon. Premier.

MR. KLEIN: Thank you very much, Mr. Chairman. Some of these questions I can answer, and some I would have to get the information for the hon. member.

With respect to the issue of overlap and duplication, there's no doubt about it that this is on the agenda of every Premiers' Conference: how we achieve it and put in place the mechanism. There is a committee of deputies that has been working on an ongoing basis to address this issue of duplication and overlapping of government services.

But we thought there were some things that could be done in the shorter term and that there could be a much more expedient mechanism to achieve some of the duplication and overlapping as it affected Alberta and related to the federal government. It was for that reason, when I first visited the Prime Minister shortly after the leadership, that the then Prime Minister agreed that we would have a very unique process put in place whereby senior ministers of the federal government would sit down with ministers of the Alberta government in two sessions, one in Calgary and one in Edmonton, to address these very specific issues as they related to Alberta. There were some results, some very positive results that will result in the savings of, I believe, millions and millions of dollars. We don't have the exact figure, but it's going to be a lot.

One of the primary areas where we achieved immediate agreement was in the area of environmental assessment and eliminating the duplication of efforts between the federal environmental assessment review process and the Alberta environmental impact assessment process, including the adjudication by the Natural Resources Conservation Board. That agreement said that before there is any federal involvement, there will be a scoping as to the degree to which the feds will become involved with the province or whether in fact they should be involved at all, to negate the necessity of having two hearings, two very expensive hearings, and to determine where the federal government and the provincial government could co-operate on environmental assessment. That was one very distinguishable result of that particular conference. Indeed, there were memorandums of understanding – and I just don't have them before me – to conclude negotiations on other areas of overlapping and duplication.

So I think that we provided the leadership in setting up a new mechanism which may be the mechanism of the future, and that is to have the federal government participate co-operatively and individually with each of the provinces to sort out those areas of

duplication and overlapping that affect a particular problem and a specific issue as it relates to that province.

4:00

With respect to transfer payments, of course we pursue as vigorously as any other province our right to those transfer payments.

With respect to manpower training, I can only think of two provinces that have been tremendously aggressive in this area: the province of Quebec and the province of Alberta. As a matter of fact, there has been tremendous collaboration between the two provinces to end the needless duplication that now goes on relative to job retraining. At the Premiers' Conference just recently, I was honoured to have been asked to take the lead role relative to representation in this regard, and the Prime Minister, who is the Prime Minister today – we don't know what's going to happen on Monday – gave her full commitment that she is going to look very seriously at this situation.

The hon. member also asked about unemployment insurance. That is the one area where I appreciate your comments. Certainly there has been some discussion, again at the Premiers' Conference, relative to UI and how it could become more of a provincial responsibility and basically how it could become more than . . . I forget what the member's words were.

AN HON. MEMBER: Income maintenance.

MR. KLEIN: . . . income maintenance and in fact part of a work force development program. I'm just not sure where we are on that particular situation. If we haven't established a program, I think it's one area where we should start to develop a position now. I know New Brunswick is very active in this particular area. I certainly see some opportunity to change the way unemployment insurance benefits are administered and delivered and would be very happy to pursue this in ongoing discussions with the federal government.

Thank you.

MR. CHAIRMAN: Edmonton-Rutherford.

MR. WICKMAN: Thank you, Mr. Chairman. I have a couple of comments and a couple of questions I'd like to take this opportunity to ask and comment on and have the Premier respond. First of all, let me say that I think it was a wise decision on the part of the Premier to retain FIGA under his wing. I don't know if at the time the decision was made he was looking into a crystal ball, but I think after next Monday and the results of the election and, to a degree, some regionalization, some fracturing of the country, FIGA is going to become more and more important in terms of attempting to maintain harmony, maintain relationships throughout the country. We're going to have out in western Canada, I believe, a very, very powerful bloc of Reformists, who at least right now are classified as a regional western party to a large degree, and then of course the Bloc party in Quebec. So, yeah, the Premiers of the various provinces will have a much greater role to play in terms of attempting to keep Canada alive and restore what Canada once was all about.

I don't advocate that we go into full-fledged constitutional talks. I think Canadians made it very, very clear the last time around that there were other priorities that they felt were more important – the economic situation, unemployment, deficits, and so on – and they wanted straightened out first. They wanted houses put in order before we got down to the specifics of constitutional talks, a new national agreement. Nevertheless, it can't be ignored. The

political mix of the country is going to be significantly different after next Monday night, and I think we're all aware of that in the House here. I don't think any of us are going to advocate that for certain there's going to be a majority government, whatever – we might have our bets on that type of thing – nevertheless, there is going to be a major, major change in the House of Commons.

When we talk in terms of interprovincial barriers and the chief negotiator, Jim Horsman, I believe by and large there was a great deal of respect for Jim Horsman within the House when he sat here as Deputy Premier, and probably out in the community there's a great deal of respect for him. Nevertheless, Mr. Chairman, there is always that doubt in people's minds, always that concern when they look at an individual like Mr. Horsman who leaves with a pension, leaves with a severance package and then, without having to go through a selection process, is appointed to a position of chief negotiator for the province at a relatively good salary. Had he gone through an all-party selection committee or some type of process that would have ensured he was the best person for the job – and possibly he would have been picked as the best person for the job in any case – I believe that would have satisfied a lot of minds and would have given him the additional credibility that, yes, he was the person for the job and had the credentials to do the job.

I don't think we can always keep referring back to what might have happened in the early '80s with appointments, because things are different. Times change. What was acceptable to some degree in the early '80s and prior, in the days of Pierre Trudeau and such, is no longer acceptable. There is no doubt about it; Canadians have spoken out. They say they want things done differently, and patronage appointments, pork-barreling, is one of the areas that has to be addressed. Somewhere along the line it has to happen.

Mr. Chairman, I don't accept the Premier's comments in terms of the Senate appointment of Ron Ghitter. The Premier was very, very silent on that one. Certainly there would have been a waiting period. Certainly the Prime Minister made it clear that he wasn't necessarily going to go along with that type of selection process in any case. But the same situation happened with the former selected Senator, Stan Waters, who sat it out for a number of months until the Prime Minister finally said, "Okay, I'm going to listen to Albertans; I'm going to do what Albertans have asked me to do and put him in the Senate." It did happen. To have followed that up a second time I think would have had that one-two punch. Particularly with an election on the horizon, I believe the federal government, the Prime Minister would have had a difficult time ignoring us had we gone through that particular process. Canadians, not only in Alberta – and I'm sure you're going to hear it down in Innisfail too, to the member shaking his head – but throughout the country people are really questioning the benefits of the Senate, the way the process currently works and how much benefit there is going to be if we follow the existing system.

Mr. Chairman, just a couple of comments, and then I'm going to conclude. The trip to China: I got a copy of the Premier's itinerary. I'm very impressed with it in comparison to the former Premier and his lack of itinerary when he went on the famous junket to Britain and to Europe. There is a difference, a noticeable difference. I believe that particularly in the Far East when you're talking trade, when you're talking business, they don't want to talk with the bureaucrats; they want to talk with the elected representatives. There are occasions when it is justified for elected representatives to go out there and hustle up business. Everything is not a junket. The only difficulty, I guess, with this particular one in some people's minds is the timing. Nevertheless, we can't just sit

back and stay still and let the world go around and not do our little bit.

One point that kind of bothers me every time it's mentioned is that the Premier's going to be gone for three or four weeks. The Deputy Premier smiles just a bit too broadly, so that does cause me some concern, Mr. Chairman. On that note, I'll conclude.

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

4:10

MR. MITCHELL: Thank you, Mr. Chairman. I welcome the opportunity to make a few comments about the Premier's Federal and Intergovernmental Affairs estimates. I'd like to emphasize a number of points, some of which may have been mentioned before. On behalf of my constituents and others who speak to me from across Alberta, I think I would like to build an emphasis on certain points.

I'm very, very concerned about the apparent lapse on the part of the Premier over the election, or lack of election, of the latest Alberta Senator. It seemed odd that we fought so hard to elect a Senator when we had the opportunity to do that in the case of Mr. Stan Waters, yet when it came to electing his replacement and the opportunity to push on that issue, the Premier was strangely silent. I will say that for a Premier who continues to misrepresent the Liberal's position on the Senatorial Selection Act, it is very, very interesting that he himself would all of a sudden for this very significant period of time just stop talking about the importance of electing Senators. Once Mr. Ghitter was appointed, all of a sudden we began to see public statements on the part of the Premier about electing Senators. Mr. Chairman, I wonder what the relationship would be between Mr. Ghitter and this particular government that they would not want to elect in the case of Mr. Ghitter but that they would want to elect before and that they wouldn't want to elect after. They continue to say that the Liberals weren't in favour of electing Senators. The fact of the matter is that is was Nick Taylor, the leader of the Liberal Party at that time, who raised the point that under Meech Lake we had the opportunity to press for the election of a Senator. In fact, we pushed for that Bill. We voted against that Bill not because we didn't agree with the general principle of the Bill but because we saw some weaknesses in the way it was structured that needed to be highlighted.

When the Premier suggests that we opposed the election of a Senator, he is fundamentally misrepresenting the Liberals' case. Now, we appreciate that the Premier would go to great lengths to try to express our positions – God only knows he's not all that clear on his own positions from time to time – but we do not appreciate that he wouldn't do that in a way that properly represents what our position is. We are fundamentally in favour of electing Senators. We are appalled, in fact we are shocked, if I can use that strong word, that the Premier would have this lapse of several months when he didn't think it was necessary to elect a Senator until such time as Mr. Ghitter, a long-time Tory and probably a very, very good choice for a Senator – who knows? – was appointed.

My second point concerns foreign offices. Mr. Chairman, we're concerned about Alberta's offices. We're concerned that they're not properly evaluated, that no measure is undertaken to see whether they operate effectively or not. Specifically, I'd like to know a little bit about the performance of Mr. Jacobson, who heads up the Ottawa office. Could the Premier tell us what he's accomplished, how his accomplishments are measured, what beneficial effect Albertans receive and how that could be quantified, and whether or not his \$100,000 a year salary is somehow

justified and how it would be justified? What criteria would be used? Surely the Premier can say that he's done this, he's done that, he's effected this policy change, he's somehow had an impact on behalf of Alberta in Ottawa that would be measurable in some way.

I'm very interested in the Premier's trips. I'd like to know how he selects where he goes. What criteria are used to determine that? China seems like some kind of logical choice, I suppose, but it may be that other places are as well, and he should be offering to us how he evaluates where he goes and why he goes there. Could he give us a specific indication of how many foreign trips he expects to take on behalf of Albertans in the coming year? Surely his budget must have considered that and contemplated that. Is it just China? Is it going to be Russia? Is it going to be Saudi Arabia? Who knows? Could he please give us some kind of indication, some detail as to where his travel budget will be expended and what he hopes to achieve with that expenditure?

I am very concerned about what effect the configuration of the new Parliament of Canada may have on this country and, specifically, on Albertans' interests within this country. I think it isn't inconceivable that we could have a Bloc Québécois opposition. We might – although I expect this won't be the case – have a minority government. I think we'll have a majority Liberal government, but we might have a minority government, which would certainly heighten the difficulty of managing and leading a country at a time when it is in some economic duress after nine years of Conservative rule and in a good deal of national constitutional duress, if you will, as well.

It would be very interesting if the Premier could give us some insights into his strategy for dealing with these very, very critical federal/provincial relations issues. I am concerned that the conventional idea – and there is some merit to this – is that we should simply forget about and not raise the issue of constitutional negotiations or constitutional matters. I am concerned because I think de facto these will become issues. They will become issues because of a Bloc Québécois opposition that will have a forum for pressing its initiatives, and they will raise the requirement for Alberta and other provinces, certainly for Alberta, to have a concrete strategy. We haven't seen what that is. I would like to see what the Premier has to say about that.

I am concerned that perhaps this new alignment he is establishing with federal Reformers is part of that initiative. He's gone from supporting the Conservatives to now supporting the Reformers. As I asked the other day, is there a party this Premier simply won't support? That would be an important question. He's gone from Liberal to Conservative. [interjections] Well, he was a Liberal. In fact, he claims we may have to worry about federal energy policy, as we did in fact under the Conservative government who took so long to do away with the hated PGRT tax and who, in fact, have levied higher taxes at the pump than we ever had under the PGRT.

What's very interesting also – and here are a couple of examples of where we have to be very vigilant – is that this government said absolutely nothing about the GST. In fact, it campaigned for the very party that brought that in – campaigned for them – and also said absolutely nothing about the Canada drug patent legislation, which because of its initiative to support drug companies that function largely in Ontario and Quebec and support their economy if not in the United States, in fact it's going to cost Albertans as much as \$600 million over the next 10 years in extra drug costs, Mr. Chairman.

DR. WEST: Would the hon. member entertain a question in debate?

MR. MITCHELL: No, I won't.

MR. CHAIRMAN: The hon. member has declined.

4:20

MR. MITCHELL: Mr. Chairman, the fact is that what we see by way of strategy in dealing with federal/provincial relations is almost nothing. We see some cozying up to various parties, whichever party it is indicated in some poll might be doing well. That's one apparent initiative. We saw nothing in the past on the Canada drug patent legislation. We saw support of a party that brought in the GST, and we see a very, very tired argument about the Liberals and the national energy program and how could the Liberals have sat here and allowed that to happen. What I want to point out to the people of Alberta, Mr. Chairman, because I'm afraid that the Premier, now that he's in this room, may actually embrace another such initiative, is that the Premier himself was a Liberal during the era that the national energy program was brought into this country. In fact, he had an official capacity. He was the mayor of Calgary. [interjections]

MR. KLEIN: That's when I stopped being a Liberal.

MR. CHAIRMAN: Hon. member. Order please. The Chair is having difficulty seeing the relevance of the comments to the estimates, given the hour.

MR. MITCHELL: Mr. Chairman, thank you, but what I'm talking about is the Premier's negotiating acumen, which is going to be so critical with the situation coming up in the federal Parliament. He just said that's when he stopped being a Liberal. Well, Mr. Chairman, that of course is not the case, because the national energy program was brought in in the early '80s and it was in 1987 that the Premier sent an envoy, the member for Calgary-Currie, to the Liberal provincial convention and, believe it or not, opened up a hosting suite to solicit support from Liberals for his proposed leadership bid – not the leadership of the Reform Party, as he may now be flirting with, not the leadership of the New Democratic Party, not the leadership of the Conservative Party, but the leadership of the Liberal Party. That was – what? – six years after the national energy program. So he was not only a Liberal during that era; he was a Liberal six years later. He didn't resign in a huff. He didn't send the message “You'd better stop” to those Liberals in the east. He embraced them and said, “I want to run for your provincial counterparts; I want to lead them.”

MR. EVANS: A point of order.

MR. CHAIRMAN: Do you have a point of order, Deputy Government House Leader?

MR. KLEIN: Mr. Chairman . . .

MR. EVANS: I defer.

MR. KLEIN: I also remember the time the hon. member came to my office seeking my advice as to how he might further his political aspirations against his hon. colleague over here.

MR. MITCHELL: Yes, and do you know why? Because he was a Liberal. [interjections]

MR. CHAIRMAN: Order, all members please. [interjections] Order.

MR. KLEIN: I have seen the error of my ways, Mr. Chairman, and I apologize to everyone that I was ever a Liberal. I am so terribly ashamed of myself. [interjections] Forgive me.

MR. N. TAYLOR: Five Our Fathers and five Hail Marys.

MR. KLEIN: I will say Hail Marys. God forbid I was ever one of them. Forgive me.

MR. CHAIRMAN: You'll be forgiven when you sit down.

MR. N. TAYLOR: We'll forgive, but we won't forget.

MR. KLEIN: Well, I have forgotten very, very quickly.

Chairman's Ruling Relevance

MR. CHAIRMAN: Mr. Premier, the hon. Member for Edmonton-McClung does have a few more minutes, but in allowing a few more minutes, I trust we could stick to the estimates of the Federal and Intergovernmental Affairs department. Castigating one another for our transgressions of the past or lack thereof is in the Chair's view not as relevant as it might be. Could you go to the estimates, please.

MR. MITCHELL: Mr. Chairman, I appreciate that, and I will immediately return to the estimates. However, you did let the Premier make a few points about this issue, and I would like to respond to him. My approaching him and asking for a meeting, which he very generously accepted – in retrospect, I thought that perhaps he wanted to meet me and talk to me about my potential support for his leadership bid. Of course, I checked the membership lists . . .

MR. CHAIRMAN: Could we return to the estimates, please.

Point of Order Relevance

MR. EVANS: Point of order, Mr. Chairman.

MR. CHAIRMAN: Deputy Government House Leader.

MR. EVANS: Thank you, Mr. Chairman. I want members to take a brief pause and reflect on Standing Order 23 and the issue of relevance. We have an important task to do in this committee, which is to examine the budgets of various departments. We are now examining the budget of the Department of Federal and Intergovernmental Affairs. Quite frankly, I have done my best to find one glimmer of relevance in the debate that has gone on and the questions that have been posed by the hon. House leader opposite in the last five minutes, and unfortunately I have not found that. We do have limited time. I suppose I have taken a little too long to get my point across, but I hope the temperature may have lowered somewhat during this short period of time I've been on my feet and we can get on to reviewing the estimates.

Thank you.

MR. CHAIRMAN: The hon. Deputy Government House Leader is thanked by the Chair. I would reflect upon some of the things that were said. It might be a moment to calm down the affairs of the committee and again return . . . [interjections] Thank you, hon. members. We could return to the estimates.

The hon. Member for Edmonton-McClung.

MR. MITCHELL: Exactly, and I will.

Debate Continued

MR. MITCHELL: I think energy policy with a new federal government under any circumstances would be extremely important. I think the Premier's strategy in dealing with energy policy would be very relevant to his estimates, because of course we're spending money on his office to develop that strategy. I think that a Premier who embraced a party that brought in the national energy program should be questioned on that. I think that's perfectly relevant. So while I appreciate what the associate deputy House leader has said, I simply disagree with him.

Having said that, could the Premier please give us a comment on his general strategy development for dealing within a new parliamentary context? Could he give us some idea, while he wants to diminish or downplay the constitutional issues, what other issues, for example, he will be emphasizing and how he will be developing strategy on those issues? We need a very, very clear position on a number of important issues that may be foisted upon us whether we like it or not. I think we have to be ever vigilant beyond that. It isn't simply constitutional issues that will affect intergovernmental affairs. There are certainly many economic issues, many issues of regional alienation, and the like.

Thank you, Mr. Chairman.

MR. KLEIN: It's a legitimate question. Yes, as we speak, we are now developing a strategy.

I agree so much with the hon. Member for Edmonton-Rutherford, who pointed out, and I think rightfully so, that this government, notwithstanding whether it's a majority government or a minority government, will be very fractured. I pointed that out in my opening statements. The hon. member wasn't here and . . . [interjection] Oh, I'm sorry. I take that back. Don't get excited. I'm sorry, okay? I was just trying to be nice. I pointed out in my opening statement that this province, because of the assumed nature of Parliament, will have to be stronger than it's ever been before in terms of developing our economic policy. I feel very strongly that because of the nature of Parliament, where the Bloc Québécois could very well be the official opposition, there is going to be a tremendous amount of time devoted to constitutional issues, not so much as they affect the rest of Canada but certainly as they affect Quebec and how the nation deals with that particular province. I don't know, but my suspicion is that there will be very little emphasis on economic development, economic growth and prosperity, and deficit elimination. I think we have to be very aggressive as a province in saying that there is an advantage to this province. I believe other provinces as well will be very active and very strong on their own, because I don't think there will be much involvement with the federal government, at least not until they deal with some of these constitutional issues that will be facing them.

So we are indeed preparing a strategy. If in fact it is a Liberal government – and this brings me to the question raised by the hon. Member for Redwater and reiterated by the hon. Member for Edmonton-McClung – that relates to the issue that is of such importance to this province, and that is an elected Senate. I want to reiterate. I'm not opposed to an elected Senate. I've just said, and I'll repeat: why would we spend millions of dollars going through a senatorial election and putting those candidates to the expense of running an election with absolutely no assurances that they are going to be appointed. Indeed, the Prime Minister gave me every assurance at the time that he would not appoint a Senator even if we elected that Senator.

AN HON. MEMBER: Call him.

MR. KLEIN: Well, it's easy to call a person's bluff, but why would you spend \$7 million to call someone's bluff? That's the estimate of what it would cost for a freestanding election.

I also indicated to the hon. Member for Redwater – and I'll just repeat it for the benefit of the hon. Member for Edmonton-McClung – that I would be very happy to participate with him if indeed a Liberal majority is elected and Mr. Chrétien becomes Prime Minister. I would be very happy indeed to participate with Liberal Party members to press Mr. Chrétien as hard as we can to get triple E back on the table and support it wholeheartedly. I'm sure, being the good Liberal he is, and understanding now the Liberal support for an elected Senator, Mr. Chrétien will be right outside.

4:30

MR. CHAIRMAN: Are you ready for the vote?

HON. MEMBERS: Yes.

Agreed to:

Program 1 – Intergovernmental Co-ordination and Research	
Total Operating Expenditures	\$6,454,000
Total Capital Investment	\$100,000
Summary	
Total Operating Expenditures	\$6,454,000
Total Capital Investment	\$100,000
Department Total	\$6,554,000

MR. CHAIRMAN: Deputy Government House Leader.

MR. EVANS: Thank you, Mr. Chairman. I move that the vote be reported when the committee rises and reports.

[Motion carried]

Treasury

MR. CHAIRMAN: We are now moving to the estimates of the department of Treasury, and we will call on the chairman, the Member for Calgary-North Hill.

MR. MAGNUS: Thank you, Mr. Chairman. I've got to get out from behind you, because you can't see us when we're standing over here.

Again, this is the third committee now that I've had the honour of chairing. I've of course done the other two, Executive Council as well as advanced education. [interjections] This is where I come in I believe, Mr. Chairman, unless, of course, you say otherwise.

I should say at the outset that we have enjoyed the same success with Alberta Treasury as we did in advanced education as well as Executive Council.

Mr. Chairman, as chairman of the designated supply subcommittee, I would like to report on what transpired during our September 17 meeting, a meeting that reviewed the department of Treasury's detailed budget estimates. This subcommittee was composed of four opposition and five government members not including myself as chairman, exactly the same as the other two committees. The Provincial Treasurer and officials from the Treasury Department went through the 1993-1994 budget estimates with the subcommittee for roughly four and a half hours again. During that span of time members asked a number of questions pertaining

to three of the four programs within the department of Treasury as they are listed in the budget estimates.

We covered a lot of details, Mr. Chairman, during that process which are reported in *Hansard*, so in the interests of brevity I'll not go through each one of those right now. I will say that the discussion was intense – “lively” was I believe the word we used in Executive Council – and that the various programs received due consideration by all members of the subcommittee. The group examined at length several issues, with the key questions addressed related to government accountability, specifically the role of Treasury and an accountable system; the switch in accounting policy; the role in the day-to-day financial operations of the government of Alberta; the planning process in respect to the three-year department business plans; and the new open-book system on the province's finances, making information available and understandable for all Albertans.

It was clear that the government has set out a very ambitious agenda with respect to the budgeting process. Redesigning the way government does business and making sure spending is in line with revenues is a tall order. Checks and balances, such as with this committee's function, will help us to determine what our priorities are, that being getting back to the basics and finding ways to deliver services effectively and efficiently. Certainly the initiatives undertaken with the Financial Review Commission, the Auditor General, and, just recently, with the Tax Reform Commission are part of the process.

In all honesty, members agreed it was a thorough, frank discussion of the Treasury estimates, and, Mr. Chairman, I think it's fair to say that a spirit of openness and co-operation dominated the proceedings. If you're interested in the details of the discussion, I recommend you go through *Hansard*, because it outlines, of course, the meeting in detail. If there are members who still have unanswered questions, I understand the Provincial Treasurer will take those questions in writing and provide you with answers.

By and large, Mr. Chairman, I would like to note that these meetings provide an important forum for MLAs from both parties to study, question, and discuss the expenditures and spending habits of government departments. It certainly represents a positive change in the way the government of Alberta conducts business. This new process goes a long way to promoting dialogue and co-operation between members, making it easier for them to get down to the business at hand, the real business of government.

I would like, before I conclude, to extend my appreciation to all members who sat on this particular subcommittee. Chairing the meeting was a privilege because, again, the level of conduct and collaboration was very high and practised by all in attendance. I'd like once again on behalf of the subcommittee to extend thanks and appreciation to the minister and to those senior officials in attendance. The answers were detailed, concise, and from my standpoint the process of review was a genuine success.

Thank you, Mr. Chairman.

[Mr. Sohal in the Chair]

MR. ACTING DEPUTY CHAIRMAN: The hon. Member for Edmonton-Whitemud.

DR. PERCY: Thank you, Mr. Chairman. I first of all would like to start off by thanking the chairman of the supply committee, who supervised the subcommittee meeting. I have to agree with him that it was a very useful exercise and that we did gain a lot of information, and it was conducted in a very collegial fashion.

I would also like to thank the hon. Provincial Treasurer for his openness and forthrightness in the sessions. I thought it was a very, very good start to the process of parliamentary reform in that particular set of committee estimates.

I would like to start off my comments and again my comments with regards to Treasury – we're dealing with the Treasury estimates, but the Provincial Treasurer's office and the administrative support of that office are directed in large part to bringing forward the budget as well as providing an umbrella for many government departments to assess their financial acumen in budgeting, in terms of how they allocate their funds. My questions will be a little broad based in nature but not philosophical. They will be tied to the budget estimates in the role of the Treasurer's office in bringing forward the budget.

The first issue I want to discuss is one that was highlighted in great detail by the Financial Review Commission. The Financial Review Commission spent a significant amount of time discussing the issue of loans, guarantees, and investments which create risk. They talked about the series of investments, loans, and guarantees which the government has undertaken and a number of issues: high-risk loans, guarantees, and investments undertaken without adequate review; certainly a lack of adequate debate; and in many instances loans with concessionary terms which were not treated as concessionary in the accounts.

One issue in particular that I want to address is that of the recommendation of the Financial Review Commission with regards to the manner in which significant loans, investments, and guarantees are undertaken. The Financial Review Commission stated – this is from page 8 – that first they should be de-emphasized as an instrument of public policy. Certainly this side wholeheartedly agrees. But it had this caveat:

Where they must be given, authorize in a consistent manner all significant loans, investments and guarantees. Such transactions should be approved either by the Legislature or by an all-party investment committee of the Legislature. In evaluating loans and guarantees, the government must consider the risk, security available, period of repayment and ways to minimize losses.

This was brought forward by the Alberta Financial Review Commission. It was brought up in the Legislature in a question to which we did not receive a reply. Since the Provincial Treasurer has agreed, in fact, to reply in writing to the questions posed now, I would like his views in writing as to the recommendation on page 8 of the Financial Review Commission report considering the role of Treasury, then, in terms of setting up a framework in which subsequent significant loans and guarantees would be assessed, because the issue of risk management is extraordinarily important. So my first question is: you've gone a long way in implementing the recommendations of the Financial Review Commission; why stop short on an area that is contentious? If these are going to be assessed, let it be either in the Legislature or in an all-party investment review committee, as recommended by the Financial Review Commission.

4:40

The second point is that in the discussions at the subcommittee hearings the Provincial Treasurer was very forthcoming, and he noted that there was not a consistent methodology employed to assess the risk or the viability of significant loans, grants, and guarantees undertaken by the government and that Treasury did not in a sense vet those across departments. Again, one of the recommendations of the Financial Review Commission was a plea for consistency and some mechanism for evaluating the risk. In light of the recommendations of the Financial Review Commission, in light of their focus on the issue of assessing risk, there is no better department in this government capable of assessing risk

than the Provincial Treasury. Clearly, if there's going to be a centralization and in a sense a gatekeeper, it has to be the Provincial Treasurer and the department of Treasury, and it ought to be responsible for evaluating significant loans, grants, and guarantees. My question then is: in light of these recommendations, is the Provincial Treasurer going to recommend or implement such a policy committee or mechanism in-house to implement the recommendations of the Financial Review Commission in terms of being consistent in evaluating risk and minimizing exposure for Albertans?

The second question I wish to ask the Provincial Treasurer concerns the teachers' retirement fund, TRF. The unfunded pension liability was an issue that was addressed by the Provincial Treasurer. In the budget there is \$38 million that's going to be paid by Treasury to deal with the unfunded pension liability. There's \$18 million that has been hived off and put separately in the budget of Education. Under normal circumstances Albertans would have thought that \$18 million would have been a general charge by Treasury against the general revenue fund.

Now, my question to the Provincial Treasurer is: since in fact this unfunded pension liability arose because these funds did not earn the rate of return they ought to have because they were used for the general purposes of the government, why has the TRF then been treated separately and applied as a charge against the Education budget when it's an obligation that has arisen because of past practices of the government? Those funds which had initially been under the stewardship of the provincial government were not invested in a way to yield the return that would have in fact either minimized or done away with the unfunded pension liability that arose. So my question to the Provincial Treasurer is: why has this unfunded pension liability been treated differently? We're talking about the payment of that unfunded liability, and why is the unfunded component of it a charge against the budget of the Minister of Education? Again the issue here is that this unfunded liability arose because the funds that were in the possession of the provincial government were not invested in a way to yield a return that would be consistent with meeting the actuarial needs of the various plans in place.

My next question – I now turn to the specific, to the Provincial Treasurer – concerns vote 3.6, the Bureau of Statistics. This was an issue that I had raised in our subcommittee meetings. We note that the Alberta Bureau of Statistics is in the process of being phased out, and it's very clear when you look at the vote, the decline to \$885,000 from the actual expenditures of \$2,151,000 in '92-93. I have a series of questions for the Provincial Treasurer with regards, then, to the Alberta Bureau of Statistics. First, why is it that ABS is being phased out when a wide array of other departments still have in place statistical services? We can look to Economic Development and Tourism. We could look to Alberta agriculture. Again, one would have thought that it would be the Treasurer's office that would have been the gatekeeper in terms of collecting the statistics, that these competing areas would have been snuffed out and the data collection centralized in one area. Yet rather than seeing it centralized where it ought to be, in the Treasury office, we then see that these areas in Economic Development and Tourism and in agriculture Alberta are still in place, still generating statistics. Again there is a real possibility for excessive duplication here. So my question is: on one hand, we're all in favour of seeing duplication in government expenditures eliminated, but why in fact did ABS draw the short straw when it would have been the perfect vehicle for reducing duplication in other departments?

The second question is: can the Provincial Treasurer demonstrate the gains that have emerged from in fact reducing expendi-

tures in ABS? In particular, I would like to know by how much expenditures for contracting out have risen and whether or not the parties to whom contracts have been given would be released. Our interest is to see that in fact there is a discernable benefit from these reductions and that we haven't just increased expenditures in some other aspect or facet of the budget.

My next question refers to vote 3.4, Risk Management and Insurance. The Treasurer has pointed out that the department relies on outside people in the private sector to give the department an assessment of risk. We note that he relies on outside individuals for other endeavours as well: unloading assets. But here, with regards to a risk, we would be interested to know exactly how much the department pays the private sector to provide it with risk assessment on an annual basis. Do we have a blend here between what the department does internally, and do we use the outside sector as a check? Do we in a sense provide a little competition to promote efficiency within Treasury?

My next question is with regards to vote 3.8, Project Management. It was indicated in the subcommittee that Project Management included expenditures on external odd projects with respect to developing budgeting systems, tax review, financial assistance management, et cetera. Can the minister provide an expenditure breakdown of Project Management by particular project to provide a listing of priorities? Can the minister also indicate why \$598,000 of these expenditures are through the engagement of fee-for-service contractors? Could he provide a breakdown of this \$598,000?

Thank you, Mr. Chairman.

Just before I close, I again would like to thank the Treasurer, because I found those subcommittee meetings were productive and that there was a real effort at openness and accountability.

MR. ACTING DEPUTY CHAIRMAN: The hon. Member for Edmonton-Roper.

MR. CHADI: Thank you, Mr. Chairman. I as well would just like to thank the Provincial Treasurer for the opportunity to come back and speak to the estimates relating to Treasury.

My first questions refer to program 2, Revenue Collection and Rebates. In particular, I'm looking at the Purchase of Capital Assets of \$145,000. The corporate income tax section of the income tax is being slated to be dealt with by the federal government. Why are we expending more funds this year in terms of capital assets? For what possible reason are we expending more funds?

MR. DINNING: Where is that found?

MR. CHADI: On page 293.

MR. DINNING: And what's the number?

MR. CHADI: In terms of capital assets, \$145,000. Why would we be expending those sorts of funds when we anticipate the federal government taking over the administration and the collection of tax revenues?

My next questions, Mr. Chairman, are relating to page 303 of the Treasury estimates. I look at the Land Purchase Fund. With respect to the Land Purchase Fund, I see under Revenue Rentals an income of \$700,000, and I'm wondering: what do we have that Treasury's looking after in the land purchase fund that produces us revenues? On the expenditure side I also note that we've got Loss on Land and Buildings Held for Resale. It appears that in 1992-93 we've actually taken a hit of almost \$5 million, a loss on

land and buildings held for resale. I would assume that the rental revenues come from the buildings that are held for resale, and I'd like the Provincial Treasurer's comments or an explanation whether or not I am correct. If indeed I am correct, what sort of progress have we made on the resale part of these lands and buildings? Are we actively selling them off? Do we actually have a list? If there is a list of the inventory of properties that are held for resale, I would like to know if I could also receive a copy of that list.

4:50

My questions now are relating to the valuation adjustments, in particular page 301 and the Obligations under Guarantee and Indemnity. I'm curious with respect to loan guarantees. According to our own budget documents, it says that we had \$3.6 billion in outstanding loan guarantees which we have committed. The Treasurer has made provisions for loss of \$330 million on these guarantees. In the interests of following the recommendations of the Alberta Financial Review Commission, I'm wondering if the Treasurer will provide me with a detailed breakdown of the components of the \$330 million. Specifically how much of the \$330 million pertained to the \$117.8 million guarantee to Softco, 354713 Ltd., and also with respect to the \$103.8 million guarantee to MagCan? What portion of the \$330 million relates to the \$96 million guarantee to Slave Lake Pulp partnership? I carry on to the \$53.2 million loan guarantee to Gainers Properties, the \$10.6 million guarantee to Smoky River Coal, the \$10.2 million guarantee to Ribbon Creek alpine village. How much of the \$330 million is relating to the \$10 million guarantee to Gainers Inc., \$6.3 million to Fletcher's Fine Foods, \$3.8 million guarantee to Northern Steel . . .

MR. DINNING: What page are you reading from?

MR. CHADI: Page 301. . . . the \$700,000 guarantee to Nortech Surveys? Lastly, I'd be interested in the \$706,000 guarantee to North Saskatchewan River Boat Ltd.

Also in the 1993-94 budget year, under the Provincial Treasurer's department estimates the Treasurer is projecting, of course, this \$10 million in obligations for non program guarantees. I'm wondering if the Provincial Treasurer could provide us with a breakdown of this \$10 million by organizational entity.

Given that the Treasury Department is responsible for monitoring all outstanding loan guarantees, Mr. Chairman, I have some specific questions with respect to specific loan guarantees. I'm wondering, particularly with respect to 354713 Ltd., often referred to as Softco, can the minister give us some indication as to when Softco will be wound down and an estimate of future payments that taxpayers will be making under indemnity to Softco on an annual basis? According to the 1992-93 public accounts Softco has some \$55 million in assets that are left to be disposed of. Can the minister provide an estimate on the impairment of value on those assets? Can the minister also explain why Softco declared a \$7.7 million actual impairment of value in 1992-93 after budgeting for no impairment of value at the start of the year? Also, given Softco's accumulated deficit of \$73 million, of which only \$21.4 million has been funded thus far as deficit recoverable under indemnity, can the minister indicate whether the taxpayers of Alberta will be forced to make any payment on the \$117.8 million loan guarantee to Softco, which is still an outstanding loan?

This is one that's really interesting, Mr. Chairman. It's the Magnesium Company of Canada. I'm curious to know: when does the Provincial Treasurer expect to acquire the technology for

the plant? Has the tentative deal with Magnesium International of Houston gone before cabinet? Also, how much will Alberta taxpayers be looking at paying out for that technology? Is there is any indication or estimate as to how much we would have to pay out? I'm also interested in knowing if the Provincial Treasurer has received any serious offers with respect to the purchase of this plant, and if we have, I would like very much to know in his response back to us. How much will taxpayers lose on this venture, Mr. Provincial Treasurer? Certainly you don't expect to sell the facility for the \$104 million that we've got in it.

With respect to Gainers Properties and Gainers Inc., I'm wondering if the Provincial Treasurer will tell us and would he agree that Alberta taxpayers have already taken a \$107 million loss on Gainers, given that it has been booked as a liability under the deficiency in commercial enterprises. How much longer is the Treasurer prepared to force Albertans to make indemnity payments under the \$53 million loan guarantee? Does the minister realistically expect to find a buyer for Gainers, given that the company has a total debt of \$170 million and the \$200 million in total liabilities versus assets of \$103 million? And they are really questionable assets, Mr. Chairman. When I look at how about \$12 million of those assets are really a receivable from a Pocklington corporation, I suspect that the capital assets of Gainers are nowhere near the \$103 million we've got them booked in at.

I'd like to know if the . . . [Mr. Chadi's speaking time expired] Is that it? Oh, goodness. I'm not finished.

MR. ACTING DEPUTY CHAIRMAN: The hon. Provincial Treasurer.

MR. DINNING: Well, Sine, when you're having a good time, the time flies.

Mr. Chairman, I appreciate the opportunity to appear briefly before the full Committee of Supply. I certainly appreciated the positive comments not only from my colleague from Calgary-North Hill but from my colleagues across in the Liberal ranks. All those words of gratitude and appreciation: I'm going to save them up in my rechargeable battery of gratitude so that when the days get thin and I feel kind of low, I can just draw from the that battery of gratitude. I know that it's sincerely said, and I appreciate it. I, too, enjoyed my opportunity to appear before the designated subcommittee of supply. I certainly applaud the direction and the chairmanship of the Member for Calgary-North Hill and enjoyed the four-hour ordeal.

Mr. Chairman, I also want to just mention one person who is here in the gallery with us today. He is Michael Faulkner, who is the director of administration for the Treasury Department. He toils day and night on behalf of Albertans to ensure that Treasury runs both a lean but not a mean operation in the department, and I appreciate his efforts and all of those whom he represents to bring this information before the Assembly.

5:00

I would refer hon. members to the Treasury subcommittee of supply minutes. There was some interesting exchange there, and I won't belabour it.

The hon. member across the way asked about the Financial Review Commission's recommendation on page 8:

- De-emphasize the use of loans and guarantees as instruments of public policy.
- Where they must be given, authorize in a consistent manner all significant loans, investments and guarantees.

It is an interesting recommendation, Mr. Chairman, and I would want to explore it more readily if it were – and it is not – a practice of the provincial government to emphasize and to continue

to use loans and guarantees and other investments of that sort. It clearly is not. Premier Klein has made clear to all of us in this Assembly and certainly to all Albertans that it is our intention and our desire to withdraw from those kinds of arrangements.

I can say that really there has only been one new loan guarantee that the Provincial Treasurer has signed since coming to office on December 15, 1992, and that is the \$50 million loan guarantee to PWA Corp. to support the efforts of Canadian Airlines International to make an arrangement with American Airlines so as to keep that airline aloft. I think it was a good investment, and we are confident that working with the federal government, we will be able to work with Canadian Airlines to make sure that they do stay aloft.

I appreciate the comment about the department's ability to be a consistent analyst of risk, and I appreciate his comments along that regard. Again, Mr. Chairman, it's not our intention to emphasize or continue to use excessively the tools of loans or guarantees or others. So I think our reaction to that recommendation is that we would hold off any kind of implementation of that unless the government were to change its policy. After listening to Albertans prior to June 15 and since, I would not recommend and I know Premier Klein is not inclined to use that kind of an instrument.

[Mr. Tannas in the Chair]

The hon. member talked about the teachers' retirement fund and the obligation therein. Mr. Chairman, I think it's fair that the hon. member know that when we're talking about pension funds within the Treasury Department, pension funds related to the public service pension plan, local authorities plan, public service management plan, MLA plan, universities academic plan, special forces plan, and provincial judges and masters in chambers pension plan, those assets are invested and are the responsibility of the Provincial Treasurer and the Treasury Department. The teachers' retirement fund assets are in fact administered and invested by the TRF board of administrators, and that is why they are separate and quite appropriately so. They have been since the beginning of time, and I expect they will continue to be.

I would caution the hon. member. I know he has read with gripping interest the presentation that I made to the standing policy committee back in January of 1993 with regards to the kinds of investment and the successful investment performance of the pension funds as managed by the Treasury Department. I can say, Mr. Chairman, that up to the five years ended September 30, 1992, we in the Treasury Department exceeded the average rate of return of virtually all pension fund administrators in this country, and I'm very proud of the investment track record of the department.

The unfunded liability grew not because of bad returns. On the contrary, the results have been exceptionally good. Teachers, plan members, the government, employers one and all acknowledge that the primary problem was not bad investment but undercontribution. Even the hon. member as a direct beneficiary of the universities academic pension plan would acknowledge that he undercontributed to that plan during his tenure. He and his colleague for Edmonton-Mill Woods, I believe, undercontributed to the universities academic pension plan while they served as professors at the University of Alberta.

The Bureau of Statistics. Mr. Chairman, I appreciate the hon. member's question. As for contracts given out and other costs, I would do my best to find that out. Yes, we believe there is a role for government to play, but more importantly we believe there's a role for the private sector to play in making sure that the statistics that are gathered and are prepared and analyzed are done so on a need-to-buy basis, not that we should be all things to all

people in preparing statistics. I know the hon. member across the way has many colleagues across the pond who would relish the thought of setting up their own statistical outfit on the side. When they're not teaching those six or seven hours per week, as the hon. Member for Cypress-Medicine Hat would suggest, they would want to use some of that spare time to deliver or sell or prepare statistics for the private sector including for government use.

Risk assessment costs. The member asked: is there competition to promote efficiency within the Treasury Department so that we know we have good analysis of our risk and good assessment of our risk? Buying premiums, insuring versus self-insuring premium costs, and making sure we're paying the most competitive rates: are we doing that? Yes, Mr. Chairman, we most definitely are, and I can assure the hon. member thereof. As for project management breakdown costs I will do my best to find those details and provide them to the hon. member.

The Member for Edmonton-Roper talked about capital assets. I want to point out to the hon. member that it is clearly our intention to relieve Alberta businesses of the need to fill out two separate tax forms and comply with two sets of rules. Instead Ottawa will once again recommence the collection of our corporate tax in this province. We will continue to collect other taxes. The revenue collection side covers of course not just corporate income tax but fuel tax, tobacco tax, hotel room tax, pari-mutuel tax, insurance corporation tax, and financial institutions capital tax. So there still is an important revenue collection responsibility within the department, and that explains the continued need to upgrade capital assets.

The hon. member referred to the land purchase fund. He noted that there was some loss on land and buildings held for resale at nearly some \$5 million. Mr. Chairman, that was then and this is now. There is no such estimate for that this year because we expect that there will be none at this time. Clearly there was last year. As for any details that I might be able to provide to the hon. member, I will do my best to do just that. There is clearly ownership of land within the land purchase fund, and where there is revenue to be collected, quite appropriately the hon. member would agree that we should do so. We will continue to do that. As for specifying the details there, I will assess as to the appropriateness of whether we can provide that information, but I think it is definitely a fair question.

Valuation adjustments. The hon. member I'm sure out of a pique of curiosity would want to know how . . . [Mr. Dinning's speaking time expired]

MR. CHAIRMAN: Hon. Provincial Treasurer, you'll have a few moments to sum up later.

Edmonton-Whitemud in summation.

5:10

DR. PERCY: Thank you, Mr. Chairman. With respect to a couple of issues that the Provincial Treasurer mentioned in passing, first of all with regards to the unfunded pension liability of the University of Alberta academic pension, we certainly are paying that. I would bring his attention to the unfunded liability for the MLA pension plan, which is pretty significant. People are drawing it when they're 50, when they're 48. If we're going to look at things to point a finger at, I think that is an abomination. It should have been dealt with. If we're going to be looking at rolling back wage contracts, there is one contract I'd be running at front and centre.

With regards to various votes, there is an issue I'd like to discuss with vote 3.1.2, Policies and Procedures. With vote 3.1.2 we see that there's a 6.8 percent decrease in the budget of Policies

and Procedures at a time when the Financial Review Commission has said that now more than ever we need a good system of financial accountability, now more than ever since we are moving towards business plans, and now more than ever since we have not seen the wisdom of conducting efficiency audits. I would wonder why, then, we're reducing expenditures on financial management control systems, which I think are even more essential now than ever. Dollars allocated to those yield a very high return, and I think they are an investment.

With respect to vote 3.1.5, Disbursement Control, can the Provincial Treasurer explain the reasons behind the 8.7 percent reduction in this area given the role of disbursement control to set standards for internal control and to provide an internal audit function for the department? I think this is important. We've seen midcourse corrections now in other departments as they've had to contract their spending in light of the targets set. So I would think disbursement control now more than ever has to be a priority in terms of the allocation of expenditures. It's a \$444,000 reduction, or 8.7 percent. I think it's important, then, that that be justified.

With respect to 3.3.2, the banking and investment management vote, can the Provincial Treasurer explain the reason for the 31 percent increase in this area from the previous year? Also, since we have now increased the debt limit, can the Provincial Treasurer provide some detail on the number of bond issues that will be floated in the Canadian, Euro, and U.S. bond markets this year given the increase in the debt ceiling? In particular here I would be interested to know how we're going to be hedging given the potential volatility in exchange rates, which market we'll be going to.

I would also ask with regards to vote 4.2, Securities Commission Agency. Can the minister provide a progress report on the streamlining of operations of the Alberta Securities Commission? As the two functions now are being amalgamated, we would very much appreciate seeing what is happening there, because certainly the budget doesn't seem to reflect the streamlining. It's in part regulatory, so some of the savings may arise to users of the service. We'd like to know the link, then, between streamlining and the efficiencies anticipated since that is under way. There isn't much of a change in the particular budget of that entity.

With respect to vote 3.6.1, Alberta Bureau of Statistics, I had already touched upon a number of issues there with regards to the downsizing of ABS. Here my question now turns to net budgeting in vote 3.6. The Provincial Treasurer has talked about the virtues of net budgeting. He has certainly lauded them in the budget document. I'm on record as being a skeptic in this regard, though I can see the need for some moves in this direction. Why didn't the Provincial Treasurer when assessing ABS really look, then, at the virtues of net budgeting here and providing a much broader array of these services on a cost-recovery basis both for the public and internally within the government? In particular, why was this not used as a vehicle for trying to downsize some of the statistical services in other departments such as Alberta agriculture or Economic Development and Tourism, charging them on a fee-for-service basis for providing statistics? I'm just surprised that the solution, in light of this move to net budgeting, was elimination of ABS rather than at least an effort, then, to work it on a cost-recovery basis.

That will conclude my questions, Mr. Chairman.

MR. CHAIRMAN: Are you ready for the vote?
Edmonton-Roper.

MR. CHADI: Great. Thank you very much, Mr. Chairman. I didn't have a chance to conclude some of my questions. I do have just a couple more left that I'd really like to ask the Provincial Treasurer with respect to additional guarantees that have not been advanced, which he touched on during his earlier remarks. I'm wondering: can the Treasurer provide a breakdown on the \$60 million in loan guarantees, other than Canadian Airlines, that have been authorized but not yet advanced? I'd like to know by company name the amount and date of authorization. Now, one thing the Premier suggested to us during question period was that within two weeks we would have a list detailing by company name the amount and date of authorization. That was some time ago. We're probably looking at almost four weeks if not more now since that question had been asked. So we're still anticipating this response, and I'm hoping that the Provincial Treasurer will provide those details for us.

I'm also wondering if the minister will confirm that the \$15.6 million loan guarantee to Consumers Paper is one of those which falls under the \$60 million of not yet advanced guarantees. What's the status of the review being undertaken on this loan guarantee, something else that we've been anticipating for some time?

I think that will conclude my comments and questions. Thank you.

MR. DINNING: To finish the sentence that I didn't quite get a chance to finish - I could tell that they were disappointed that I couldn't - we haven't done a detailed breakdown on evaluations and evaluation adjustment, Mr. Chairman, simply because in any business transaction, the hon. members across the way would acknowledge and would agree that if you are expecting a loss, which we have spelled out and said in a global figure what that loss is expected to be, to provide the detail and say, "We believe there's going to be blank thousands of dollars lost" is to show all of your bargaining hand, to give it all away, and will reduce, will minimize, will virtually eliminate any possible maximum return for the taxpayers on that investment. So we've not. I understand the hon. member's curiosity is grand, but the hon. member, I know, would agree that that's probably not a wise thing for me to do, whether it's all of those pearls that the Member for Edmonton-Roper was dropping on the Assembly.

As for 3.1.5, Disbursement Control, an 8.7 percent reduction, Mr. Chairman: efficiency is the reason for a drop of some 8.7 percent.

The bond issues and financing. I'll be quick, Mr. Chairman. I would refer the hon. member to page 23 of the September 8 document, where it's clear. We've never done this before, but again under Premier Klein's leadership - accountability, openness, transparency, full disclosure - we have spelled out that the unmatured debt after sale of assets, '93-94 over '92-93, will grow by some \$2.8 billion. That will be our financing requirement for this current fiscal year, and we've spelled out how it will grow to \$25.25 billion by '96-97. It's on the record. Albertans knew it. They know it today, but curiously enough they knew before the election too. Those numbers, those facts were there before the election. Nothing hidden: no smoke, no mirrors, no anything else. I'm proud of the fact that we've laid that before the Assembly.

5:20

Mr. Chairman, the member is right about the MLA pension plan; he's absolutely right. But I would remind hon. members that there is no more double-dipping in the MLA pension plan.

I'll leave it there for all hon. members to draw their own conclusions there.

Sixty million dollars authorized but not yet advanced. Fifty million, of course, as the hon. member knows is Canadian Airlines International, and I can assure the hon. member that there has been no legal, contractual authorization of the Consumers Paper guarantee, Mr. Chairman.

There are several other questions which I will do my best to provide answers to for the hon. members, but may I have the honour, Mr. Chairman, of moving the vote.

Agreed to:

Program 1 - Departmental Support Services	
Total Operating Expenditure	\$3,801,500
Total Capital Investment	\$33,400
Program 2 - Revenue Collection and Rebates	
Total Operating Expenditure	\$72,289,200
Total Capital Investment	\$145,400
Program 3 - Financial Management, Planning and Central Services	
Total Operating Expenditure	\$30,519,600
Total Capital Investment	\$541,600
Program 4 - Regulation of Securities Markets	
Total Operating Expenditures	\$4,891,500
Total Capital Investment	\$202,300
Summary	
Total Operating Expenditure	\$111,501,800
Total Capital Investment	\$922,700
Department Total	\$112,424,500

MR. EVANS: Mr. Chairman, I move that the vote be reported.

MR. CHAIRMAN: It has been moved that the estimates for the department of Treasury be reported as voted upon. All those in favour, please say aye.

HON. MEMBERS: Aye.

MR. CHAIRMAN: All those opposed, please say no. Carried unanimously.

Hon. Deputy Government House Leader.

MR. EVANS: Thank you, Mr. Chairman. I now move that the committee rise and report.

[Motion carried]

[Mr. Clegg in the Chair]

MR. TANNAS: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, reports as follows, and requests leave to sit again.

Resolved that a sum not exceeding the following be granted to Her Majesty for the fiscal year ending March, 31, 1994, for the departments and purposes indicated.

For Executive Council: operating expenditures of \$147,385,541, capital investment of \$314,000, for a total of \$147,699,541.

For the Department of Federal and Intergovernmental Affairs: operating expenditures of \$6,454,000, capital investment of \$100,000, for a total of \$6,554,000.

For the Treasury Department: operating expenditures of \$111,501,800, capital investment of \$922,700, for a total of \$112,424,500.

MR. ACTING DEPUTY SPEAKER: All in favour of the report by the hon. Member for Highwood.

HON. MEMBERS: Agreed.

MR. ACTING DEPUTY SPEAKER: Opposed, if any? Carried.

[At 5:28 p.m. the Assembly adjourned to Monday at 1:30 p.m.]