

Legislative Assembly of Alberta

Title: **Monday, March 11, 1996**

Subcommittee A

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8:00 p.m.

[Chairman: Mr. Clegg]

Committee of Supply: Subcommittee A Provincial Treasurer

THE CHAIRMAN: Since the clock shows 8 p.m. and we're in subcommittee on Alberta Treasury tonight, I would ask the Provincial Treasurer if he'd like to make a few opening remarks.

MR. DINNING: [some applause] Thank you for that thunderous response, Mr. Chairman. Before I begin, I would like to provide to members of the subcommittee the Alberta Treasury business plan along with supplementary information for '96, '97, '98, '99. If the pages would take it from me and provide it to all members, I know the members would want to have that as they prepare for the discussion tonight.

Mr. Chairman, this is kind of an exciting evening, you know. It's not often that the Treasurer gets a chance to come before your committee, sir, and illuminate members as to the wheres and why's and wherewithals and heretofores with regards to Treasury.

This is a special evening for the Member for Edmonton-Whitemud. You know, he has an important fund-raiser occurring in his constituency, and he is here, Mr. Chairman, you'll notice. The Member for Edmonton-Whitemud is here. I suspect he's sitting in the wrong chair, but that's all right. He wants me to make my remarks as brief as possible so he may get in and illuminate us and so he can get back to the hundreds of people that have paid a princely sum to hear him speak, I'm sure, this evening. But I appreciate his dedication to his duty such that he is here, so I will do my best to be brief.

I would first of all acknowledge the advice and assistance that I have with me this evening in the gallery. Mr. Mike Faulkner is the director of administration within our shop, and Greg Moffatt, who serves as executive assistant in my office. These two gentlemen, along with a number of other professionals within the Treasury Department, are of immense assistance to me in operating what I think is one of the finest departments of government, certainly one of the most professional departments of government, and certainly led by Al O'Brien and Allister McPherson, serving as deputy provincial treasurers.

Mr. Chairman, there are a number of documents which I'd refer you to in the '96-97 government and lottery fund estimates. Beginning at page 405 are the estimates that are before the Assembly tonight. I will not read pages 412 and 413, although as I'm reminded by one of my colleagues, that makes an excellent speech in that it is in two pages a very good thumbnail sketch of our three-year business plan, our mission, "The Ministry's mandate is to facilitate sound business planning and fiscal decisions," and then spells out a number of the goals, our strategies, and the highlights for '96-97.

I would remind members of the Assembly that this is a department whose departmental spending has dropped from \$57.4 million in '92-93 to this year's estimate of some \$32.4 million. And if you look at the total consolidated expense associated with the ministry of the Treasury over that same period of time, Mr. Chairman, we're moving from a total of some \$2.2 billion to \$1.7 billion in '96-97.

Mr. Chairman, I would remind members of the document that I have filed with the Assembly tonight. I think that if you look at page 10 of this document or page 318 of Agenda '96, it shows the entire ministry. We have, as I've commented in the Assembly before, moved to a consolidated form of budgeting this year, that really goes the next step in providing maximum information to members of the Assembly and to the general public about what the entire picture of government actually looks like. While the

departmental expense is only in the order – only: I shouldn't understate that, Mr. Chairman – of \$32.4 million, there are other statutory expenses associated with the department. There's pension liability funding; there are valuation adjustments and other provisions; there's the land purchase fund, the Treasury revolving fund.

An anomaly and an unusual part of the ministry includes the Heritage Foundation for Medical Research endowment fund and the Alberta heritage scholarship fund, which are funds which are managed by the Treasury Department, the proceeds of which are then paid out to the Students Finance Board to administer the heritage scholarships as well as to the Heritage Foundation for Medical Research so they may fund and finance research in the province.

Then, of course, there's the Alberta heritage savings trust fund, the utility companies income tax rebates fund. Oh, excuse me. Sorry. We don't have any money in that this year because in fact the federal government, the Liberal government in Ottawa, cut off that funding to the province. So in fact now utilities in this province are taxed by the federal government differently in Alberta than they tax any other utility in this country, Mr. Chairman. I nearly made that mistake of falling into the trap of misleading you, sir, to believing that Ottawa still treats Alberta's utilities just like all other utilities in the country. In fact, they do not. Alberta's utilities and therefore Alberta's utility consumers and customers are forced to pay a tax that no other Canadians in any other province are forced to pay. I'm glad I had an opportunity to clarify that, that misspeak I almost made.

Then there's the risk management fund, the Insurance Council, the Pensions Administration Corporation, the Securities Commission, as well as – and I know I can hardly wait for the questions from my colleague across the way – the Treasury Branches deposits fund, the N.A. Properties (1994), the Credit Union Deposit Guarantee Corporation, the Alberta General Insurance Company, the Alberta Government Telephones Commission, and the Alberta Municipal Financing Corporation. That information is here, along with the various brief business plans of all of the entities that I've referred to here, Mr. Chairman, so that my colleagues across the way, my colleagues on both sides of this Assembly are more informed – I know they are now better prepared and better armed to ask those tougher, aggressive, insightful, javelin-throwing-like questions – so that the members have a better idea of what the entire Treasury Ministry in fact looks like.

So, Mr. Chairman, in the interests of allowing the Member for Edmonton-Whitemud to make his comments so that he can get back to the fund-raiser, I'll leave my comments there and of course look forward to the opportunity to respond to any questions or comments by members of the Assembly.

THE CHAIRMAN: Thank you, Provincial Treasurer.

The hon. Member for Edmonton-Whitemud.

DR. PERCY: Thank you, Mr. Chairman. Several points I'd like to raise. First, I'd actually like to echo the comments of the Provincial Treasurer about the importance of a strong, professional civil service. The ability of the government to both propose and dispose depends very much on the quality, integrity, and professionalism of the civil service, and Alberta has historically been very lucky in terms of having an extremely capable civil service. I know from my life prior to politics that some departments in the government of Alberta have extremely strong and capable individuals. I know from firsthand experience with Treasury and Energy that these are strong departments and well run.

I think when you actually look at the budgeting process in the province of Alberta now – and I made this point in the budget speech – compared to other provinces, compared to other jurisdictions, it does stand out because it is a fair statement of the assets and liabilities of the province and all of its various contingent liabilities. I think you don't need a forensic accountant to assess the books. I can tell you that in previous years we used to consult with forensic accountants, not just accountants, to try and find out what was hidden where. That's no longer the case.

So as a technical exercise I echo the Treasurer's comments about what the department has been able to achieve in two and a half years. They moved to consolidation, the budgeting process is fair, and we never doubt now what's in the books. It takes some of the fun out of it, I have to admit. It makes it a little more difficult to get a home run as opposed, now, to just base hits. But it's good for the province, so I applaud the department. I think they've done a very good job in that regard.

8:10

Now, with regards to a number of issues, the first question I'd like to ask – and I hope I get a reply, because in the past the Treasurer hasn't been as forthcoming as other ministers have been in actually replying to questions. So I hope that with his senior civil servants here, he'll feel ashamed if he doesn't reply.

So the first question. The province has gone into a regime of balanced budget legislation. It operates the books on a consolidated basis. From that, it's clear that there are a number of constraints the province faces, particularly with regards to the volatility of the revenue base, and there are various projections in the business plans and the like. So my first question is: has the Treasury Department done risk analysis as to the likelihood of, you know, 30, 40 percent variances in terms of energy or nonrenewable revenues? You can do some type of risk assessment, given the trend and volatility of these estimates. You can assess what's the likelihood within a decade of a 25 or 30 percent shortfall occurring.

I mean, it's clear that this is a market driven by politics as well as market fundamentals. Now, the reason I bring this point up, Mr. Treasurer, is that it's clear that should there be an unanticipated shortfall which exhausts the contingency funds that are there for corporate taxes and for natural resource revenues, those shortfalls within the year have to be transmitted to lower levels of government through cuts and transfers and the like. Although one hopes that never happens, there's obviously some risk that that might happen. So given the constraints that we have collectively agreed to, has risk assessment been done as to the likelihood of that occurring, and, in a sense, have lower levels of government been informed that there is this outside possibility it may occur? That's one question.

The second question relates to the contingency funds themselves. I understand the process by which the contingency funds have been generated. The issue, though, is: are the contingency funds of sufficient magnitude to meet any of these potentially adverse outcomes? They're nice to have when things are going well and these sums can be applied to the debt, but the reverse of that happens if we have these once-in-20-years events, just as with the Oldman dam. Once in a hundred years you get this combination of snowpack melt and rainfall. Similarly, these types of things happen on the revenue side. So has there been risk assessment done?

The third question. Mechanically, we set out the contingency funds in a certain way, given the five-year moving average and given the lesser of the two which we're going to choose from the projections to set up the reserve accounts. But this is a mechani-

cal way of setting up these contingency funds; it's not driven, in a sense, necessarily by expectations of what's going to happen in those markets. It's difficult, for example, to get a handle precisely on how the corporate tax contingency fund is set up, given that it's the same size in fact as the natural resource revenues contingency fund. So what is the analysis that has gone into the size of these contingency funds, since that is all that stands between us and downloading the volatility which normally accrues at the provincial level and has been met in bad years in the province by running deficits but which will no longer occur, given the constraints?

The other question relates to the extent to which the department has tried to integrate the management of a variety of funds. I know that is part of the business plan, which is the management on a consistent basis of the portfolio of a variety of funds, but I'd like to know: is that complete? In all departments that actually have funds at their disposal, are those funds now managed on a contract basis by the Treasury? It would make sense for that to occur. To the extent that there are in fact changes going to occur to the heritage savings trust fund, will that portfolio now be managed by whatever group or entity manages the portfolio of the heritage savings trust fund? The WCB portfolio I believe is managed – I'm not sure on this – by those same managers. So to what extent in fact, envisaged in the estimates this year, is that process of integration going to occur?

The hon. minister is correct. I'd like to spend some time on the Alberta Treasury Branches. I find them fascinating because of the \$9 billion in liabilities that are self-insured by the province. Again, given the constraints of the balanced budget, given the consolidated accounts that we keep, the performance of Alberta Treasury Branches in particular has a significant impact on our ability to maintain a balanced budget or run surpluses.

Again, before I go into the questioning, I would just make the point that when you look at the failure of the Canadian Northland Bank and the failure of the CCB, they failed in part because their portfolio was entirely Alberta based. They couldn't diversify risk. So when the downturn and other significant management shortcomings – but in part it was the concentration of their portfolio in Alberta and the fact that the economy from '82 on went down the tubes because of high real interest rates driven by the Mulroney government and other things subsequently. The bottom line is that, in part, the inability of those financial institutions to diversify their portfolio had something to do with their failure.

The Treasury Branches face the same basic constraint in that all their assets are Alberta based, and if the economy does go down the tubes because of, say, a sustained fall in energy revenues, that will not only put a lot of pressure on provincial revenues, possibly exhaust the contingency funds that have been put in place, but at precisely the same time you might see the ATB running significant losses as well. You know, a very bad year in the province of Alberta has significant ramifications for both the fiscal position of the government directly and of these other types of agencies like the ATB. Again, with the issue of risk assessment, I think there is a special case to be made for extraordinarily prudent management of the ATB, given the constraints the province faces, consolidated accounts and the balanced budget constraint.

When I look at the performance, I'm now referring specifically to the Alberta Treasury business plan. Again I have to congratulate. This is the first time we actually have seen a business plan for ATB, so it's nice to see it there. But the performance measures there aren't particularly good performance measures. I mean, normally what you'd like to look at in performance measures would be, for example, a return on assets; not asset growth but the return on assets. What you would like to look at

is noninterest expenses to revenue ratio. You'd like to look at cash and securities to total assets, some measure of liquidity, nonperforming loans as a percentage of total loans and acceptances. Those are performance measures. Good measure of asset qualities, credit losses as a percentage of total loans and acceptances: we don't really see performance measures here.

I mean, how big the bank is, how much its assets grow through time is really irrelevant to the issue of whether or not they manage those assets prudently, and that's an issue related to the rate of return. If you look at the Alberta Treasury Branches in terms of performance measures relative to any chartered bank, the performance of ATB is mediocre. It's particularly mediocre since they don't pay taxes and don't have to pay CDIC. So you would expect that in a year that the chartered banks are making significant profits, the performance of the ATB in percentage terms would be even greater, but it's not. It's because I think the management of the ATB is not particularly adept, and I think there are significant problems with this portfolio. I think part of it we've seen with the discussions about Norm Green, Larry Ryckman, and the others, that they've made a number of imprudent business decisions.

But my question to the Treasurer is: why would he accept performance measures from Alberta Treasury Branches which are not performance measures, which are not based on rate of return? The Provincial Treasurer knows that if we were looking at a chartered bank, they would be telling you the return on equity, they'd be telling you the return on assets, they'd be giving you a measure of the loan loss provision. Everything would be benchmarked relative to other financial institutions. So my question to the Provincial Treasurer is: why does he accept this type of mediocre performance-based measurement from the Treasury Branches when he well knows that that would not be acceptable by other financial institutions in the province? Even Gary Campbell of North West Trust would have demanded far more. So that's one set of questions that I have.

Another set of questions that I have relate to the unfunded pension liabilities.

8:20

MR. GERMAIN: That was sold at a big loss last year.

DR. PERCY: It was.

The unfunded pension liabilities are very subject to changes in actuarial assumptions. Again, we make provisions each year for a pay-down of the unfunded pension liability, and this pay-down for the purposes of ensuring that cuts to program expenditures were not greater than already imposed by the government – we collectively agreed that these would be outside the bounds of the Deficit Elimination Act. My questions to the Treasurer are: what revisions have been undertaken to the actuarial assumptions, and how has this affected the magnitude of the unfunded pension liability and the projected payout through time? Have we shortened the mortgage there, to use the analogy that I've heard a number of times with regards to the application of windfalls to the debt?

Another question I have relates to basically something I feel is missing from the business plans and from the budget itself, and that is the projection or at least an accounting to date of the savings on interest servicing of the debt because of the application of windfalls. When you look at debt servicing charges, they have been reduced because the cost of servicing that debt is lower than projections, seeing it's listed out, and that's set out very clearly in the budget. Also, we know that because of the application of the windfalls and the contingency funds that were cushioned away,

the stock of debt is lower. So the total cost of servicing the debt has declined as well. My question to the Provincial Treasurer is: are those going to be in a sense highlighted more extensively in the business plans and the like? When we talk about funding or financing expenditures, that is a source of revenue that we don't have to pay to borrow to finance additional program expenditures. It's there. It's an interest saving that's there. It could have been used last year, the magnitude of those interest savings. Is it going to be set out more clearly what the anticipated savings are?

The final point I'd like to make is that in the brochure here it was quite misleading. When the discussion about the debt – you know, pay-down of the debt or earmarking funds to expenditures or personal tax cuts and a variety of options were provided there – nothing was stated in the brochure of the extent to which the contingency funds are automatically applied to the debt, that any surplus is automatically applied to the debt, and the contingency funds are always there to be applied to the debt. So in a sense there's already an earmarking to the debt that isn't really set out very clearly in that brochure. I mean, it's stated that the surpluses go, but I don't think people realize that, for example, this year there's \$585 million in the contingency fund that will go to the debt and that when one's calculating additional money, there's already in each and every budget cycle because of the contingency funds money that has been earmarked possibly for going to the debt, contingent on how the revenue projections materialize.

That I thought was a bit of a shortcoming, as well as the issue of not being explicit in terms of providing some performance measures in that brochure with regard to how we should spend money, if we choose to, in terms of increased expenditures. The whole purpose of business plans was to get people thinking in terms of what government provides and whether or not we're getting value for service. The way the brochure is set out, it's basically more anecdotal: tell us where you'd like to spend the money. That was a perfect opportunity to highlight the importance of business plans and to suggest some of the measures one might want to look at in terms of suggesting where to earmark funds. I think it was regrettable that opportunity was not used.

The final point relates to the whole business of estimates themselves and the appropriations Bill. Over the weekend I heard that the Premier had talked about a health care charter and about waiting lists that were acceptable or unacceptable. Well, on this side of the House we've often spoken about: why not explicitly link appropriations Bills to outcomes? It's very clear that if we're going to spend money, you expect outcomes and that the easiest way in fact to implement a health care charter is to do so specifically through the appropriations process and just say, "These are the outcomes that are to be achieved for the spending of these funds, and these are the outcomes expected of RHAs for the transfers made to them."

So with those comments, Mr. Chairman, I'll take my seat.

MR. DINNING: Mr. Chairman, in the interests of enabling the member to hear the answers to his questions, let me try and answer a few of them right now. The member raises an interesting point about risk analysis. Frankly, this issue has been raised by both the rating agencies since they've come to the city to review our budget and discuss it with our officials. They're always in the business of what if. That's what the member's really asking me: what if. What would happen if things fell out of bed like they did in 1985-86? From pretty near \$5 billion it dropped by \$3.4 billion that year. We took in about \$1.6 billion, \$1.8 billion in revenue, which was quite a shock to our system. I don't have the risk analysis numbers or the information here.

All I can say is – and I've acknowledged – that in 25 years of

forecasting oil and gas prices and oil and gas, corporate tax revenues, we've never been right. We've never been right once. We were off by \$1.35 billion last year, '94-95, to the good, and there was another year about two or three years before that we were off by \$1.375 billion to the bad, for any number of reasons. But we have actually never been right. I can only say to the hon. member that here we are today not at \$5 billion in resource revenue but in the order of \$2.6 billion, of which a cushion of almost 10 percent is taken off. We don't have as far to fall in the drop in oil and gas or corporate tax revenues. So that's number one.

Number two. Mr. Chairman, you'll acknowledge that in the longer term assuming a 75-cent dollar when in fact the dollar is trading in the 72-, 73-cent range is a significant benefit to our picture in that it's about a \$40 million assistance to the bottom line. If it averaged 73 for the year and we assumed 75, that 2-cent difference is about an \$80 million improvement to our bottom line.

The same with interest rates. We're assuming interest rates in here at 6 and a half percent on the three-month side and 7.9 on the 10-year side. Well, 90-day bills have been trading in the order of 5, 5.2 in the last short while, and here we are at 6 and a half percent. The last time I looked – I didn't see the impact of the market on 10-year Albertas on Friday, but I think things have improved a little bit today – they were in the order of 7.7. We're in here at 7.9. That 1 percent difference has an impact as an improvement to us in that when interest rates are 1 percent less than what we've assumed for the year, that's a \$30 million improvement.

8:30

Again, the same is true with gross domestic product. We've assumed 2 and a half percent this year, and 2, 2, and 2 in the out years. We're somewhat pessimistic, may I say, but for revenue forecasting purposes we are decidedly conservative. For an economic outlook we're looking at 2 and a half this year, 3 for '97, 3.6 for '98, and 3.2 for '99. We're pretty lonely when you start forecasting 1999. There aren't that many forecasters who are willing to put their crystal balls on the line. We've said 3.2, but for budgeting, revenue purposes we've assumed 2 percent. There's a nice conservative cushion there.

Mr. Chairman, I say all that only to make the point that we have been decidedly conservative, as I know the hon. member has encouraged us to do in the past, in the size of those contingency funds. It is a mechanical exercise, because we have never been right. That's why it's been acknowledged by many around the country and indeed in other parts of the globe that we have done the right thing. The hon. member was correct to support us when we put the Balanced Budget and Debt Retirement Act in place, that it would be the lower of 90 percent of forecast or the last five years' average actuals. That's what we're doing on the five-year average. On the corporate tax side in these days we're working on the 90 percent of forecast because it's the lower on oil and gas. That is the conservative way to go, and it's a protection.

I take the hon. member's comment about the brochure. I would respectfully, as I always do, differ with him when I see that on page 7 it says very clearly:

The fiscal plan also requires cushions . . .
We've described cushions before.

. . . to protect us when revenues from oil and gas or corporate taxes go down. In good years, if those cushions are still there at the of the year, they're part of Alberta's surplus and must go to pay down Alberta's debt. As a result, we expect to make an average payment each year of \$350 million, and in good years, the payment could be as much as \$650 million.

Now, Mr. Chairman, if the hon. member wanted me to write that paragraph on every one of the 12 pages to drive home that point and every other point that he would probably want us to make, the brochure would not have been 12 pages. Then he would have been standing and criticizing me for having spent too much on an even lengthier brochure. So as is often the case with the hon. member, he sort of wants to have it both ways, but we can't give it to him both ways. We're going to give it to him the right way, and that is the way that we've tried to do it.

The hon. member raised a question about integration of a variety of our funds. I know – you might not have it – that the Treasury annual report for the fiscal year ended March 31, 1995, points out the various investment portfolios adding up to almost \$22 billion at March 31, 1995. Almost half of it, \$9.4 billion, is in the pension fund portfolio. There is \$700 million in the heritage fund commercial investment division; about 1 and a half billion dollars in the consolidated investment trust fund, AMFC, and others; and endowments for the medical research and the heritage scholarship fund to the tune of nearly \$900 million. The WCB is \$2.4 billion, and at that point section 10 heritage fund securities was \$6.7 billion.

This is something that is of interest to my caucus colleagues, because there is a perception that we have a various number of windows or doors. Door 1 is something and door 2 is something and door 13 is another fund, and everything is administered or invested separately behind those closed doors, high walls between each room. It's not true. Even the hon. member I'm sure realizes that when you've got an investment portfolio of \$21.6 billion, if you broke it down and built those walls among and between those various portfolios, you wouldn't get the same kind of economies, you wouldn't have the same clout, the same leverage in the market. So that integration has occurred I'd say rather well, especially given that you've now got one pension account, effectively, overseen by five pension funds with five sets of trustees as well as the WCB board of directors as well as the heritage medical research fund and goodness knows all of the others who give direction and say: this is the investment policy we expect you to invest our moneys under and the criteria by which we will judge your performance. Given that kind of direction, I think our investment managers under the direction of Allister McPherson and Stan Susinski as the chief investment officer have done a remarkably fine job of taking that direction and at the same time overseeing and managing a very large investment account.

I'm interested in the member's comments about Alberta Treasury Branches. Here he raises some of those not so favourable but very memorable financial institutions that didn't do very well because of misguided policy from Ottawa as it related to the national energy policy and led the Northland Bank and the Canadian Commercial Bank down the tubes. It was regrettable that that happened, but fortunately I think the hon. member would acknowledge that Ottawa perhaps has seen the light, and the Liberal government in Ottawa is not likely to do that again. I know he will stand beside Premier Klein, beside me, beside our colleagues and stand on guard for Albertans against some misguided Liberal policies that some of the pinkier members of the Liberal government in Ottawa and even some of the pinkier members that the hon. member has to deal with every day at his caucus meeting, that might want to dabble in economic and fiscal engineering that would be misguided and certainly would be wrong.

I would remind the hon. member that he can't have it both ways. He laments Canadian Commercial Bank, but on the other hand when the matter of Treasury Branches comes up and the fact that some of their financial dealings might in fact be outside of the

province, he says that they shouldn't be operating outside of the province. So there you are, Mr. Chairman. You've got that concentration of investments, concentration of loans here in the province.

You know, what the hon. member does raise is some interesting performance measurement points. Maybe this is where the hon. member and I would part company, in that the Treasury Branches are different than the banks that he wishes to compare them to. You're right; the Treasury Branches don't have to pay CDIC insurance. They do not have a capital base, because they are not under the Bank Act. They are a hundred percent guaranteed by the province. Their loan loss provisions and their credit provisions are watched over by themselves and by the Auditor General with the appropriate hawklike scrutiny. It will continue to be by the Auditor General, but now we'll be able to expand that hawklike scrutinizing with the new board of directors of the Alberta Treasury Branches.

I would remind the hon. member that maybe he is advocating that we make them go into business like the Bank of Montreal or the CIBC or the Royal Bank. I know he may want to stand and clarify his remarks here. Maybe he is suggesting that we go so far as to shut down branches and agencies in those communities that he doesn't live in. I'm not going to say any of those names, because my colleagues, most of whom are represented by Conservative members, would be afraid to take *Hansard* home, especially with the Treasurer talking about shutting down branches or agencies in any one of several communities in the province, branches or agencies that under the TD Bank or the Bank of Montreal or RBC or Scotia Bank would simply not be profitable, and if they're not profitable, then you've got to shut them down. Well, Mr. Chairman, let us be clear. The government side of this Assembly, where the government has the responsibility to and must be accountable, cannot and will not say to the Treasury Branches: you must shut down, quote, uneconomic, as the Liberals would define them, branches. Now, I worry when the Member for Stony Plain is sitting on this out of the House, but I'm sure it's only to . . .

8:40

AN HON. MEMBER: So are we, Jim, so are we.

MR. DINNING: I think you should be worried too.

Mr. Chairman, we can't get the same rates of return that the Liberals would want from a TD Bank or the Royal Bank of Canada in those smaller communities, because one of the mandates of Treasury Branches is to provide those services, to provide that outreach. I would remind the hon. member that in over a hundred communities throughout rural Alberta Treasury Branches is the only bank in town. Those same kind of comparisons with the larger banks cannot be made because of that very reason. But I would point hon. members to page 5 of the 57th annual report of the Alberta . . .

THE CHAIRMAN: Hon. Provincial Treasurer, we've got a point of order.

West Yellowhead.

MR. VAN BINSBERGEN: Mr. Chairman, under *Beauchesne* 482 I wonder whether the Treasurer will entertain a question.

THE CHAIRMAN: Hon. Treasurer, would you like to have a question? Yes or no.

MR. DINNING: No.

THE CHAIRMAN: All right.

MR. DINNING: Mr. Chairman, I would refer hon. members to page 5 of the annual report of the Treasury Branches, where Treasury Branches, notwithstanding the kind of constraints they're under, is the ninth largest financial institution in the Dominion of Canada. Now that is confidence. By whom? It doesn't have to be by the Liberals. It doesn't even have to be confidence by the provincial government. It is the confidence of 897,000 deposit account holders in the province of Alberta and 214,000 customer loan account holders. They speak volumes, Mr. Chairman, about their confidence in Treasury Branches. I don't want to prolong the debate. As the members would know, I would not want to.

Under pension obligations the member has asked about actuarial evaluations. I'd refer the hon. member to note C in schedule . . . [interjection] It's hard, Mr. Chairman. I don't think I got his attention. I worry that he's gonna miss these bon mots.

So page 35 of volume 1 of the '94-95 public accounts notes the triennial requirement of an actuarial evaluation and the economic assumptions that must underlie those valuations. They're spelled out. Suffice it to say that they're there. I wouldn't want to take up the hon. member's time by reading that part of the public accounts.

Having answered the question about the brochure and having tried to make it clear that we have an opportunity to pay \$100 million to \$350 million to \$650 million a year on paying down the debt, that is clearly an option, that is clearly there because we will run, as we have, surpluses. The surpluses must go there. What we're saying is that notwithstanding that, we've faced the possibility that there could be anywhere from \$200 million in '97-98 or \$400 million in '98-99 of as yet unallocated dollars.

We are merely saying, Mr. Chairman, through you and to all of your constituents and the constituents of all members of the Assembly, if that's the case, what ought we the government, the Assembly vote to do with those dollars? Should they go to accelerate the debt such that you'd pay \$850 million or a billion dollars down on debt, or should it remain at \$350 million or \$650 million on debt and spend, say, \$100 million on additionally targeted, focused program spending that brings measurable returns and possibly go along with the tax plan that we have spelled out in the budget.

Mr. Chairman, I'll stop there so the member can make some additional comments.

DR. PERCY: Thank you, Mr. Chairman. With regards to the Treasury Branches, I believe the Treasurer wants it both ways. I mean, the issue here is performance, and you measure performance in terms of rates of return. It appears that the Treasurer has signaled to the incoming board: "It's all right not to do well. Your job is just to kind of live with the status quo, and if you make a little money, that's okay, but don't work the assets to their maximum. Don't keep costs to a minimum."

I'll draw the hon. Provincial Treasurer's attention to the mandate of the Treasury Branches, and it's very clear: to provide a provision of services in outlying areas of the province. Again I ask the Provincial Treasurer: I mean, how far is outlying? Dallas is a long way away, but it was pretty urban when I last looked at it. The Minnesota North Stars: the twin cities, that's pretty urban. We were backstopping the Minnesota North Stars, so again I've got to ask him: is that his definition of diversification, investing in American hockey teams in large urban centres? Not where I come from, Mr. Chairman.

So I look at the mandate: outlying areas, agriculture operations, independent business, and consumer-related financial needs. The

concern that I have is that the Treasury Branches don't appear to be in that end of the market. They're loaning to big businesses. They're loaning to stock speculators who have been slapped around by the very agency that he supervises, the Alberta Securities Commission. So there is a concern.

I mean, where does the Treasury Branch belong? Do you expect to see Treasury Branches in every second block in Edmonton and Calgary? Well, I think not, but certainly if the Treasurer has his way. I'm reminded, Mr. Chairman, of the debate over the revisions to EEMA, when the Minister of Energy, the Premier, and I don't know if the Treasurer got up and said: we want a level playing field between business and the private sector; that's why Edmonton Power can't be part of this grid, because it's not a level playing field because it's municipally owned and it doesn't pay taxes, et cetera, et cetera, et cetera. Precisely the same arguments can be used against the Alberta Treasury Branches.

MR. DINNING: Which branch should we shut down, Mike?

DR. PERCY: Well, I would think that at some point that's a question you'd have to ask.

MR. DINNING: Is that what you want done? Tell us if that's what you want done.

DR. PERCY: Mr. Chairman, his time to ask questions will be when he's sitting on this side of the House. Then he can ask as many questions as he would like.

Somehow we hear from the Provincial Treasurer the rhetoric of the market except in those things that are politically sensitive or tied very nicely to interest groups which seem to support the government of the day. So the bottom line I think, Mr. Chairman: the mandate of the Treasury Branches is set out here, but the implementation of how the bank operates isn't clearly set out. One would hope that one of the first things that the new board of the Treasury Branches does is say: if this is the mandate, this is how we're going to achieve the mandate; this is the configuration of branches we need to achieve it.

This is one of the reasons we've always asked, twice now, for a special duty investigation, so that when the board comes in place it's arm's length. The Auditor General said: this appears to be the problem; this is what you have to do to clean it up. And they go to it. We, too, would like to see strong, productive, efficient Treasury Branches. We think the performance we see isn't by any benchmark acceptable. Certainly we think there's a lot of scope there to improve things and improve the bottom line of the province. After all, I would say to the hon. minister that at some point, you know, we have to ask: what is the purpose of the Treasury Branches? Is it required? Perhaps in fact we need something like the Tax Reform Commission. Instead, we need something like an Alberta Financial Review Commission – the name's been used before – which sets out: should the province be involved in AOC, Agricultural Financial Services Corporation, Alberta Treasury Branches, and a host of other ways of providing banking services or lending services in a province that is otherwise committed to the rule of the market and to free enterprise.

With those comments I'll take . . . [interjections]

THE CHAIRMAN: The hon. Member for Medicine Hat.

We're not in subcommittee today to hear a discussion between the Member for Edmonton-Whitemud and the Provincial Treasurer. We are here to have as many questions asked as we can. Hon. Provincial Treasurer, I know you're itching, but we're going to have to hold you back for awhile.

MR. DINNING: Only to clarify, Mr. Chairman?

THE CHAIRMAN: No. You can clarify later, hon. Provincial Treasurer.

Medicine Hat, please.

8:50

MR. RENNER: Thank you, Mr. Chairman. I actually do look forward to having a little bit of discussion in respect to the estimates for Treasury. I've had an opportunity to go through and have a look at the budget documents. It's only fair that I begin by saying I am very appreciative of the new format in presenting the documents not only for Treasury but across the whole board. I find the budget documents on the whole to be much easier to understand, comprehend, and make some intelligent decisions. Not only is it easier for me to understand, but, most importantly, it's easier for me to explain it to my constituents. Really, that's the most important thing. Not only do we have to approve these estimates and understand these estimates, but the people that are actually paying the bills and forking the dollars over out of their pockets should understand where the dollars are going. I think we're getting closer. There's probably still room for improvement, but we're certainly getting closer to having some information that all Albertans can understand.

I also would like to point out that while each constituency office receives a number of these documents, obviously due to the size of the documents it's very difficult to get this information out to as many people as should have it. I'm wondering if there might be a suggestion for upcoming years, especially for the Agenda '96 document. You might consider doing this in loose-leaf so that if someone comes in and has concerns in one specific area, it might be easier for our offices to copy certain pages, certain sections. In most cases most people don't have an interest in the entire budget, but they have some specific concerns in specific areas, and it would be just a little bit easier to deal with that way.

Let's get into some specifics. I'm looking at program spending in the summary on page 406 in the document. I want to have a little bit of a discussion on the statutory estimates and some of the programs that are included in statutory programs. I think I understand the farm credit stability program. I'm not involved in the industry, but I think I have a pretty good understanding of what that is. The small business term assistance program, I certainly understand what that is because a number of years ago when the program was introduced, my business was part of that program. I understand that both of those programs now are really in the phasing-out portion. You might want to make some comments on that.

What interests me in these particular areas is that they are statutory programs. They've been in place for awhile. We should pretty well know who the recipients of the funds are, yet it seems that there's a great deal of difficulty in forecasting what the expenditures are going to be. When you look at the farm credit stability program, for example: '94-95 actual was \$26 million; the estimates for '95 were \$19 million; forecasted is \$20 million. Presumably that's as a result of the forecasted interest rates, the difference, but I'm wondering why the difference of over a million dollars there from forecast to actual – no, not quite a million dollars, I guess.

Then there's one that I really don't understand. The other one's pension liability funding. I have a pretty good understanding of that. Although again I don't understand why the estimate in the forecast would be different there. That would seem to be something that one could figure out fairly accurately: exactly what the funding is that's required on the pension liability side of things.

There's something called corporate tax interest refunds. That's a program that I'm not familiar with, and that's the one that seems to be the most volatile, because the estimate was \$10 million and the actual is forecast to be \$20 million. So I wonder if the Treasurer might have a look at that. First of all, let us know exactly what this corporate tax interest refund is and, also, why it ended up being double the original forecast from \$10 million to \$20 million. Then for next year the forecast is now \$13 million. Why does that bounce around so much?

I'd also like to spend a little bit of time talking about the tax and revenue administration. That's program 2, vote 2.0.1. We had estimates last year of \$14.8 million and this year of \$14 million, a savings of some \$800,000. I certainly applaud any department that can achieve savings of that magnitude; \$800,000 in one year is worth while, and it's worth a round of applause. However, my concern is that this seems to be rather an important department to government: tax and revenue administration, and presumably that's the collection of taxes. My concern is that if we save \$800,000 in administration and lose a few hundred million dollars or a million dollars or two million dollars in foregone revenue because we are not working as diligently as we might to collect the tax, maybe it's savings that we would prefer not to have saved. I need the assurance from the Treasurer that we have the same amount of diligence on the part of the tax collectors. Even though they are being more efficient from a monetary point of view, are they being just as efficient from a tax collection perspective?

Finally, there's something interesting on page 415 that I would like to point out to members and perhaps have the Treasurer make some comments on. This is with respect to the borrowing costs. There's a table at the bottom of page 415 showing that the credit rating that Alberta has is AA; B.C., AA+; and Ontario AA-. I was always under the impression that a credit rating equated to interest rates, yet when you look at the point spread between the Canadian government and the respective provinces, March 1995, for example, 8.73 is the Canadian rate. The differential for Alberta is 11; for B.C., 13; and for Ontario, 30. Perhaps the Ontario one is understandable. They're in AA-. B.C. is AA+, which presumably indicates that that is a stronger credit rating, yet they're paying a higher differential than Alberta. Whom do we have to compliment for that anomaly?

With that, Mr. Chairman, I would be pleased to hear the response from the Treasurer.

THE CHAIRMAN: The hon. Member for Edmonton-Roper.

MR. CHADI: Thank you, Mr. Chairman. For a while I thought I wasn't going to have any opportunity at all.

MR. DINNING: We were working on it.

MR. CHADI: And you were working very hard at it.

Mr. Chairman, my arguments in this debate are not going to be philosophical ones, but they're going to be arguments from within the Treasury estimates themselves. I want to talk, firstly, about the Treasury Branches. Part of this debate seems to be focused on the Treasury Branches. Inasmuch as the Treasury Branches in the province of Alberta – not every Liberal, as the Treasurer might have us believe, would like to see the Treasury Branches privatized or sold off. I, for one, would not. I think they serve a tremendous purpose for Albertans, and throughout Alberta they have done an extremely useful job. Although the profit and the bottom-line margins are probably questionable at times, which lending institution didn't have those problems in the '80s and early

'90s? So I would like to see a streamlined operation of Treasury Branches. I think the Provincial Treasurer wants to see the same thing. The implementation of the board of directors is an excellent step. It is my understanding that that's happening now.

I would like to see the Provincial Treasurer carry it a step further. Mr. Chairman, we've got too many lending institutions that are backstopped by Albertans already. We've got the Alberta Opportunity Company, that's pretty much doing what Treasury Branches should be doing. If the Provincial Treasurer truly had the interests of these financial institutions and Albertans at heart, he would take AOC right now and do something with it. He may want to amalgamate it with the Treasury Branches. He may want to take AOC and say to the Federal Business Development Bank, "Let us sell this to you." Here we have situations where we've got the federal business bank doing exactly the same things as the Alberta Opportunity Company. Clearly, the Provincial Treasurer is not interested in ensuring the best value for the taxpayer's dollar in this province. Mr. Treasurer, that is one suggestion to you that you should take to heart, and you know I'm right. You know that we've harped on this time and time again in this Legislature, and you still haven't done anything about it: \$27 million last year alone to the AOC. This year we'll pump in, I'm not sure, \$7 million or \$8 million or \$9 million more.

MR. DINNING: Why don't you get your facts right?

MR. CHADI: Well, I'm pretty certain that it's an awful lot of money that went into AOC, and I'm pretty certain that what we can do is work with the Treasury Branches to do away with the duplication between the Treasury Branches and AOC and the Federal Business Development Bank and the Alberta Opportunity Company. You know I'm right, so why don't you do something about that? Answer that question when you get up the next time, Provincial Treasurer. I want to hear an answer to that.

9:00

I want to hear an answer to this one too. When I was in FIGA estimates the other day, the minister told us that he felt that if the federal government were to collect corporate income tax, there would actually be a charge attached to it. Now, Mr. Chairman, if the Provincial Treasurer would answer this, I would be most interested to hear what he has to say. A couple of years ago in this Assembly when we were first elected and first came into this budget debate on the provincial Treasury Department, I clearly asked the Provincial Treasurer: how much would the federal government charge us to collect the corporate income tax in this province? He told me at that time that there was no charge whatsoever, yet the other day in FIGA estimates when I asked the Minister of Federal and Intergovernmental Affairs, he was convinced that there was a pretty exorbitant fee attached to the collection of corporate income taxes. The Provincial Treasurer has motioned to me now that it would be zero, that there would be no charge, yet continuously in this province for the last three years we have spent \$13 million to \$15 million – I'm not sure how much; I know that it's \$13 million this year alone – for the collection of corporate income taxes. Why do we continue to spend that, Provincial Treasurer, when we can get the federal government to do it for zero?

MR. GERMAIN: And collect more frequently.

MR. DINNING: Oh, take it out of the people's pockets is what you're saying, Adam.

MR. CHADI: No. There's one taxpayer, Mr. Provincial Treasurer. You should know, if any minister on the front bench ought to know. There is one taxpayer, and that taxpayer funds the corporate taxation in Ottawa, as they do here in Alberta. [interjection] Mr. Chairman, if the Provincial Treasurer has something to say, he can get up and ask me a question.

MR. DINNING: The Member for Edmonton-Roper has invited me to make some comments, Mr. Chairman.

MR. CHADI: I have not. Mr. Chairman, I have not. The fact of the matter is I thought that he would rise on a point of order perhaps or maybe on *Beauchesne* 482 to ask me a question.

MR. DINNING: Are you kidding? I don't care what you're going to say.

MR. CHADI: Did you hear that, Mr. Chairman? Did you hear that? He said he couldn't care less what I say, that it really didn't matter. The debate in this Legislative Assembly tonight is meaningless to the Provincial Treasurer, because he says he doesn't care. He doesn't care.

MR. DINNING: I withdraw. I withdraw.

MR. CHADI: I need to know from the Provincial Treasurer, Mr. Chairman, why it is that we continuously spend in this province to the tune of \$13 million to \$15 million to collect that corporate tax when the federal government would do it for zero. Provincial Treasurer, I have to say this to you through you, Mr. Chairman: the Minister of Federal and Intergovernmental Affairs is more than happy to take up the cause, should you give him that instruction to do so, that he would go to Ottawa or would deal with his counterparts in Ottawa, that he'd deal with your counterpart, Provincial Treasurer, in Ottawa. There's the minister right there. Take a look at him. He's sitting right to the left of you. There he is. That's correct. In FIGA estimates he made it perfectly clear: he would do it.

MR. DINNING: You should get the transcript of what he said, because you are fertilizing his words.

MR. CHADI: I am not fertilizing his words. You are fertilizing his department.

When we talk about the corporate income tax or the tax revenue and revenue administration, once again I have to suggest to you, Provincial Treasurer, that the expense of \$1.3 million – I would assume it's for software or that it's for a computer system to enhance the collection of this tax. Yet we continuously spend money on a program that I know we don't have to spend this amount of money on, that we don't have to spend a nickel on. If the federal government isn't going to charge us any money, let's use that. Let's do it. Lord knows, we all pay taxes, and I'm telling you from the corporate side that it is extremely expensive when you start to put together two tax returns, when you have audit procedures on both the federal and the provincial side, when the collection procedures have to take place both federally and provincially. These all add up to a lot of money for this province that you could save in your department.

I applaud your efforts in bringing it down to somewhere around \$34 million to run your department, but you don't even have to spend that much if you become a little bit wiser, Provincial Treasurer. The next time you're in Ottawa, the next time you're talking to the federal Minister of Finance and giving him advice

on how to work the books of the government and how to balance budgets, tell him how you could even be more efficient here by giving him and asking him to take over corporate income tax collection. Tell him that.

You say in the business plan summary that one of the goals is "to ensure a fair, competitive, simple and efficient provincial tax revenue system." It wasn't so long ago that it was dear to your heart, Provincial Treasurer, because you were talking to the then minister, Mazankowski. Things changed when all of a sudden there was a Liberal government in Ottawa. That shouldn't change. You ought not to penalize the people of Alberta simply because they changed government in Ottawa. It was easy enough for you to deal with when Mazankowski was there, but how come you couldn't make a deal when Mazankowski was there and it was a Tory government? You have to continue the effort to get this thing resolved, and I will assist you in any way I can. I know that members on this side will assist you if you just ask. Tell us you want some help. We'll be there to help you.

MR. WICKMAN: I'll help, Sine. I'll help.

MR. CHADI: There you go. The Member for Edmonton-Rutherford said that he'll stand up for Albertans and for taxpayers.

Mr. Chairman, a couple more areas of concern that I have. One is that in my opinion there are three ways to please the taxpayer of this province when you're putting together a budget. One, as we've always seen in previous administrations of the Tories, is they have overstated their revenues. They've overstated their revenues to a point where we have seen 10 or 12 consecutive deficit budgets that have overstated those revenues considerably in order that we may try to balance our books. That, Provincial Treasurer, you can't argue with. You cannot argue with that. That's one way to please the taxpayer at budget time.

The second way to do it, Mr. Chairman, is to undervalue. What a twist. You've said now, "Oh, no, we expect this amount of money," and it's a lesser amount than you're actually believing that you're going to get.

MR. DINNING: You passed the law. You voted for the law. You voted for the law that requires that.

MR. CHADI: I voted for the law, and I'll continue to vote for the law, and I'll stand up for Albertans. What I did not vote for was a deliberate undervaluing of your revenues so that you can go back to the taxpayer at the end of the year and say: "Look; we did a fantastic job. We actually made a billion dollars this year over and above what we thought we were going to get." That is number two.

Of course, the third way is to be honest and fair and to state your values exactly as you believe them to be and not build in the cushions. I mean, look at this: there's \$545 million worth of cushions. Mr. Chairman, this is incredible. You have a budget in Alberta that reads like – it's a farce. We have a \$23 million surplus estimated in this budget. Now, why on earth do we even have a \$23 million surplus? Why have a \$23 million surplus? Why? Albertans expect a certain expenditure. Albertans expect a certain amount of revenues. I would think as a legislator that we're not in the business to make money; we're in the business here to balance the books.

MR. DINNING: We're in the business to lose money; right? You want to lose money.

MR. CHADI: We're in the business here to pay the expenses. I pay enough, Mr. Provincial Treasurer, and I'm going to tell you something: I do not want to pay as a taxpayer in Alberta any more than I have to. What you're doing is making sure that I have to continuously pay more than I have to, and that's what I'm against.

MR. DINNING: Is that evasion or avoidance?

9:10

MR. CHADI: All I'm telling you is that you continuously spend without any regard for the people that are paying those funds. Change the tax collection system for me. Do that for me. Go to Ottawa and get them. Hammer it. You're a heck of a negotiator; go do it. A \$23 million dollar surplus this year. My question is this, Mr. Chairman: why is it that when we have a group in Alberta like the Alberta Hotel Association that said that we have a 5 percent sales tax here – they're collecting I believe \$33 million this year.

MR. DINNING: Conflict.

MR. CHADI: No conflict whatsoever: \$33 million a year. [interjection] Pardon? Mr. Chairman, somebody is about to ask me a question; I can't hear with all the noise here. [interjections]

THE CHAIRMAN: Order. It seems like we want to be reasonable people in the House, and we're starting not to be reasonable people in this subcommittee. The hon. Member for Edmonton-Roper has the floor, and I'm sure he doesn't need government members or some of his own members talking at the same time.

Hon. Member for Edmonton-Roper, please continue on, and let's have a little order in the committee.

MR. CHADI: Thank you, Mr. Chairman. We this year projected a \$23 million surplus with cushions of \$545 million. I would have thought that we could have done away with that hotel room tax this year. It appeared as though every single study that was done – and I think it was the Tax Reform Commission – made it clear that what we need to do is eliminate this tax. Instead of having a \$23 million surplus, Mr. Provincial Treasurer, you could have worked it out. You could have unloaded that tax. You could have made Albertans happy, but you didn't do it. You're interested in taxing Albertans, and you continue to do so.

The aviation tax. My question to you, Provincial Treasurer, through you, Mr. Chairman, is: how much of the fuel tax that we collect in this province is attributed to the aviation tax? How much is attributed to the aviation tax? Now, there was a lobby to eliminate this aviation tax to be more competitive with other provinces. My next question to you of course is: what are the other provinces' competitiveness that we don't have here in this province? How much would it cost us to become as competitive as other provinces and not uncompetitive? We need to create the Alberta advantage in that area, and clearly you haven't done so with this budget.

[Mr. Magnus in the Chair]

I applaud you; I tell you that it's not a bad budget at all, but you could have done better. I know you could have done better. You know you could have done better. Unless you're saving it for your grand finale maybe. It's an election year, so you're going to save it till next year. Right?

MR. DINNING: Tah-dah.

MR. CHADI: You betcha. That's the way it is. We've undervalued our revenues, and we're going to wait until next year. Is that it? A home run.

The Member for Medicine Hat asked a reasonable question, Mr. Chairman, and that is with respect to corporate tax interest refunds. There's \$13 million this year. Lord knows I don't recall ever in any of my corporations getting a tax interest refund. I'm not sure what that means, and I would like you to explain that to me, Mr. Treasurer. Why is it in a separate category all its own? I can understand corporate tax refunds and perhaps interest on those refunds, but wouldn't that all be calculated in the amount of corporate tax collected and then just given one bottom line instead of breaking out that one category, calling it corporate interest refunds? So please tell us what that one there is.

I have another question with respect to Crown debt collections, Mr. Chairman. In the interest of streamlining collections, I'm wondering if other provinces have this Crown debt collections administration. Do they do the same things as we do here in Alberta, or do they give it to the federal government to collect through their tax collection? I'm just wondering. It's a question that I have because I'm thinking of ways to streamline collections. Now, Crown debt collections could mean anything from the old days of when – what was it? – the natural gas co-ops had all of their uncollected debt go to the Crown. I'm wondering if there aren't ways that we could work with that somehow to streamline instead of having an administration or a bureaucracy in one department. Maybe Crown debt collections could be amalgamated. If you're not going to talk to your federal counterpart, maybe it could be worked in with corporate tax, because there are collectors there. Maybe you don't have to duplicate the collection in that regard.

Those are my questions for now, Mr. Chairman. I see the Provincial Treasurer has risen to his feet, so I'm looking forward to those answers.

MR. DINNING: Mr. Chairman, I will try to deal with a number of the questions. My colleague for Medicine Hat has asked a number of good questions. I would just remind him that we do have a version of the budget. Most Albertans would have been able to receive a version of the budget that we call shrink-wrapped. I've also put something we received from the AMA on top of it today, but I won't refer to it in *Hansard* just because it's appropriately covered. So it does go in a loose-leaf binder, and certain parts of it can be extracted, so to speak, and given to constituents, those sections that they actually want for their budget.

Mr. Chairman, the Member for Medicine Hat asked about tax and revenue administration and the reduction of spending there over last year. The reduction is due primarily to about a three-quarters of a million dollar decrease in contract resources, primarily auditors and employment agency staff. There is an increase of about \$546,000, which is the development of application systems to run on a new client server technology platform. We've been trying to retool our corporate tax administration so that's it's better equipped to do its job now that Ottawa has basically ended negotiations on their taking on the corporate tax administration.

It is a difficult job, Mr. Chairman. You'll appreciate that we have auditors that probably are paid in the order of maybe \$40,000 or \$50,000 or \$60,000, and they're going up against a cadre of lawyers that are paid probably ten times that. We've all said in this House that we've got to reduce our spending, and clearly in doing so, the auditing side of the department has taken its fair share of the hit. Perhaps in years in the future that's some

area that we ought to rethink so that the playing field is somewhat level.

I would refer the hon. member to page 318 of Agenda '96 where our borrowing costs peak at \$1.895 billion in '95-96 and our debt servicing costs are down to \$1.47 billion in '96-97. Clearly Ontario and B.C. – Ontario is the same credit rating as we are, but in fact they borrow money at a rate that is higher than we are because the market has acknowledged the work that we have done in this province, that Albertans have done to get our fiscal house in order.

The credit rating agency may not have given us the benefit of an improved credit rating, but the market acknowledges that. When we were in New York last year, I was advised by some of the dealers there that through some anomaly in the market, believe it or not, one day Alberta had traded through Canada, and we traded at a better rate than the sovereign credit, which is a most, most, most unusual occurrence, Mr. Chairman.

Corporate tax interest refunds. Both Edmonton-Roper and the Member for Medicine Hat asked that question. In last year's estimates there was about a \$10 million budget, and now we're forecasting 20 and a half billion and this year, \$13 billion for '96-97. The program provides for the payment of interest on assessments or reassessments that have occurred primarily from previous years, Mr. Chairman. The changes between and among the '96-97 estimates and the forecast in estimates for '95-96 are attributed primarily to reassessments that have been processed by Revenue Canada. Since the timing and the dollar value of those reassessments are completely unpredictable, there are significant in-year fluctuations in the funding requirements, reminding all members that in many ways we still do mirror a number of the provisions of the federal personal and corporate tax administration, and when a taxpayer appeals to Ottawa for the federal side, we will often echo and go along so as not to impose that extra burden on the taxpayer.

9:20

The farm credit stability program. The funding provides for the payment of fees to financial institutions for the administration of the program loans to farmers. Administration fees are down from when we started. Our officials renegotiated with the financial institutions such that fees are based on 1 and seven-eighths percent of the outstanding loans, and since there are no new loans, repayments of existing loans account for the \$3.3 million expenditure reduction from the '95-96 forecast.

Edmonton-Roper asked a number of questions, Mr. Chairman. I kind of got a chuckle out of the Member for Edmonton-Roper. He made some interesting comments about the Alberta Opportunity Company. I know my colleague for Ponoka-Rimbey may want to engage in debate on the Alberta Opportunity Company. He made some interesting comments. He wanted Treasury Branches to perhaps take on the AOC portfolio and thought that we ought to get out of that business.

So I find it more than just passing strange that his colleague to the left perhaps, the colleague for Edmonton-Avonmore, almost every day since budget day, whenever he's had the chance, has risen to ask the question: why are we shutting down the Alberta Motion Picture Development Corporation, which is providing financing to Alberta businesses? Here you've got one member of the caucus saying right-wing kind of thinking – and really he's just a Tory who showed up at the wrong nomination meeting – that we should be getting out of the AOC business, yet here we have another one of his colleagues saying: oh dear; we shouldn't be shutting down this financing arm of government called the AMPDC. Well, I leave it there, Mr. Chairman. I'll let him deal

with the anomaly when he confers with his caucus colleagues tomorrow.

Mr. Chairman, quite seriously, this government announced in May of 1993 that we wanted to get out of the business of collecting our own corporate tax, and it was the right thing to do. I have to remind the hon. member that, you know, there is a revenue branch of government that does collect corporate income tax. It also collects financial institutions capital tax. It collects the insurance corporations tax. It collects the fuel tax, the tobacco tax, the pari-mutuel tax, and the hotel room tax. So to say we should just shut it down and let Ottawa collect all that, well, that's not in the cards at this point.

Although we welcome the notion of Ottawa helping and working with the provinces to set up a national tax collection system, an agency, we would be reluctant. We would not be agreeable if it just meant that Revenue Canada would become a Crown corporation. Suffice to say that that wouldn't be a good idea, and I'm sure the hon. member would agree with me. We engaged in those discussions with Ottawa. Paul Martin is a very fine gentleman, and notwithstanding his red colours, he is another guy – when I watched him deliver his speech the other day, he was saying many of the words that had been in several of our own budget addresses – he, too, is a Tory who showed up at the wrong nomination meeting.

Mr. Chairman, when I listen to my colleague across the way saying, “We should get out; we should get out,” – well, where was he when we were battling with Ottawa. Where was he when Ottawa said, “No, we will not administer your annual installment program.” He was not there when we said to Ottawa . . .

MR. CHADI: Point of order.

THE DEPUTY CHAIRMAN: Provincial Treasurer, we have a point of order.

MR. CHADI: *Beauchesne* 482, Mr. Chairman. Would the Provincial Treasurer entertain a question?

MR. DINNING: No. If after I've finished speaking, Mr. Chairman . . .

THE DEPUTY CHAIRMAN: Member for Edmonton-Roper, I think he said no very clearly.

MR. DINNING: Mr. Chairman, where was he when we said to Ottawa: “No. For a small business that's got to pay \$12,000 in taxes every year, let them pay that \$12,000 once a year in one lump sum.” No. The Liberals in Ottawa said: “No. We want it collected every month, a thousand dollars every single month. We will not administer your annual, once-a-year payment. It has to be done monthly.” Now, that means taking money out of the cash flow, out of those businesses in Alberta. We said, “We think that money should be paid just once a year,” and Ottawa said, “No; we want that money.” That's one point of departure, and I think the hon. member would agree with me.

The second reason is that an estimated \$70 million in tax pools had been created by virtue of a difference between federal tax policy and Alberta tax policy and some \$70 million of tax payable. Because of our system, we've said: “Okay. In moving to Ottawa, we recognize that those payments have to be made.” We were advocating that they be made over a period of seven years; \$70 million in pools would be collapsed over seven years. No. Ottawa said: “No; we prefer it be done immediately, and at most we'll give you two years.” That would be a major hit, I'm

sure, even on businesses that the hon. member is familiar with, and that was a major point of departure. Those are two big hits on Alberta businesses, Alberta businesses that hire people and pay their wages, and we didn't think it was the right thing to do.

A third area where there was a point of departure, characterize it as you will, was when we said, "Look, we have a disagreement with Ottawa on tax policy. What if we want to have a certain kind of policy as it relates to Alberta?" They said, "No, we won't administer it." We said: "Okay. We'll agree that we're going to disagree, but why don't we put ourselves in the hands of a third party, an independent third party, who would act as an arbiter? You know, it could even be Jim Palmer, Bill Code, a couple of bright Albertans, again, a little politically misguided – I've told them that – but very fine gentlemen, put ourselves in their hands." No. Ottawa said: "No. It has to be our way or the highway," and they would not contemplate any kind of third-party adjudication of tax policy.

Again, those three reasons, Mr. Chairman – and I've said it in this Assembly before – brought any kind of an agreement between ourselves and the Liberal government in Ottawa apart. It's sad, because we estimate that corporate tax administration, specific collection of corporate tax in the province – before we got started, we were probably in the order of 7 and a half million dollars. After Ottawa fell out of bed on us, we've probably got those costs now down to about 4 million to 4 and a half million dollars because of changes, efficiencies that we've taken to reduce the burden on the corporate taxpayer. So if the hon. member would like to help me go and make that case again, I would welcome him to do that.

Mr. Chairman, I've got to make one more comment. I know there are others across the way who appear to be very anxious to make some comments. I want to read the hon. member a section of the Balanced Budget and Debt Retirement Act that this hon. member voted for. The member voted for a Bill that says that

in calculating the estimated revenue for budget purposes for a particular fiscal year, the Provincial Treasurer must include

- (a) as the amount of non-renewable resource revenue for that year, not more than the lower of
 - (i) 90% of the forecast . . .

or a five-year actual average. The member voted for this Bill, and now he says that we are doing the wrong thing about a Bill that he actually voted for.

You know, Mr. Chairman, when I look in the dictionary under the word "liberal," it gets a little shaded. There are a whole bunch of words associated. One is speaking out of both sides of your mouth. In the dictionary, actually, close to it is the word "hypocrisy." I think it's sad that the hon. member across the way would do that.

9:30

Aviation tax. I would refer the hon. member to our tax plan that's in the budget. It is spelled out on page 139 of Agenda '96 – that compares major provincial tax rates – and on page 130. Where today aviation fuel in Alberta is 5 cents per litre, most of the other jurisdictions around us – Saskatchewan is at 3 and a half cents, Manitoba at 4.2 cents, B.C. at 4 cents. On the railway side we're 9 cents a litre, whereas B.C. is at 3 cents, and, well, Saskatchewan is at 15 cents, but we don't want to go to a race to the top with them. We're trying to reduce our rate because it's too high. So I would ask the hon. member to turn to page 130 of Agenda '96, and he'll see that.

On Crown debt collections we do much like all other provinces do. We can't ask Ottawa to collect student loans that have not yet been paid. They're not in that business; that's a business that we must engage in. We're like all other provinces in that regard.

THE DEPUTY CHAIRMAN: The chair recognizes the Member for Edmonton-Manning.

MR. SEKULIC: Thank you, Mr. Chairman. It's a pleasure to rise this evening and speak to the estimates for the department of Treasury. I note that the Treasurer is consuming a fair bit of time in not really providing answers to the questions but rather entering into debate and at best adding – I won't call them facts – questionable contribution.

I do want to respond to one of the comments he made, that perhaps members on this side were somewhat split on the issue of providing financial assistance to private enterprise. In particular, he referred to the Alberta Motion Picture Development Corporation and that the Member for Edmonton-Avonmore was supporting that the Alberta government should continue to contribute to and assist the AMPDC. I don't think that was at all the case. What the Member for Edmonton-Avonmore was in fact requesting was that all private entities be treated equally. I know this is a Liberal virtue, that Liberals do in fact treat all of the private sector equally.

It's interesting to note that there's another part of the budget he was referring to from the same department. It's the financial assistance for technology development. There are some wonderful programs coming out of that, and the Treasurer will know this because he for one supported the extension of financial assistance to Westaim, which is a private entity, I know, the last time the Treasurer looked. He'd probably confirm that if he were to look at that today. So it's very similar to the AMPDC. What my colleague from Edmonton-Avonmore is requesting and continues to request is: please, level the playing field; treat all private entities in an equal manner. The Treasurer does have some difficulty with that, and certainly his performance in the Assembly for the last 10 or 15 years would substantiate that, in fact \$32 billion worth of performance in this Assembly from the Treasurer. He wasn't vocal enough when he needed to be vocal, and now, when really there isn't the need to stand up and perform, sure enough, the Treasurer is standing and performing.

Earlier in his comments he alluded to the federal Liberal government, and far be it from me to go to the defence of the federal Liberal or federal Conservative governments. I'd rather focus my comments and my criticisms on facts. Sure enough, if we look to facts and to the Canadian Taxpayers' Federation as a source, as the Treasurer would often like to cite – and I'm sure he'll use this in his election brochures, because they have many good things to say, about the Treasurer I mean, and many times they're close to accurate.

[Mr. Clegg in the Chair]

As I went through a recent write-up by the Canadian Taxpayers' Federation, I noticed, as it referred to debt creation, that the federal government increased the debt in their time of tenure – this is really interesting. The Liberal government in fact in 1980 to 1983 contributed 71.5 percent to the federal debt. Then the country made a dramatic mistake. They voted in a federal Conservative government from 1984 to 1993, and that Conservative government raised the national debt by 192.4 percent, 200 percent. And we're now wondering, Albertans and Canadians are now wondering where we are and why we must tighten our belts. Mr. Chairman, I'll tell you why. In both instances it's because the Conservative governments elected to represent and manage the public funds didn't do so. Now they're tightening the belts of those working Albertans, those working Canadians who really trusted them to do the right thing, but they didn't.

Mr. Chairman, last year when I stood to speak in this Assembly to the Treasurer's estimates, I raised over a hundred questions – I think it was closer to 150 questions – and they were very good questions. In fact, I brought them with me today because I wanted to make sure that I did ask a hundred questions.

MR. GERMAIN: How many did he answer?

MR. SEKULIC: How many did he answer? The Member for Fort McMurray is asking me: how many did he answer? Ten percent? No. No, that's high, hon. member, high. In fact, I received zero. Not one answer.

Then the Treasurer had the audacity to bring a Bill forward asking the Assembly to vote in favour of these expenditures without one single question being answered, and I suspect that this year he will duplicate that performance. I'm optimistic – I'm optimistic – that the Treasurer will in fact attempt or at least make an attempt to answer questions, not enter debate and give me federal facts – or federal fiction, as many times he's put it forward – but answer some of these questions. And I notice he's evading some of my questions in a physical way, Mr. Chairman.

I do want to refer to Straight Talk, Clear Choices, which comes out of the Treasurer's budget. Actually, it's a quarter million dollar publicity effort promoted by the Treasurer. The thing I want to draw attention to in this document is that the Treasurer says there – once again we're referring to the document titled Straight Talk, Clear Choices, so we'll see if it lives up to its title – on page 6, "Faster pay down of Alberta's debt." The first line reads, "Alberta's net debt as of March 31, 1996 is estimated at \$6.8 billion." Now, that's interesting, because I know many Albertans heard when we were on the campaign trail, my hon. colleagues across the way and my hon. colleagues on this side of the Assembly, discussion of a figure in the area of \$32 billion. Granted, that \$32 billion has now grown; it's around, if not exceeding, \$33 billion. It quite correctly, if someone wishes to criticize, was with reference to the gross debt of this province.

The gross debt is something that we in our personal lives carry. Like, we have a house and we have a vehicle, and let's say we have a mortgage and a car loan. Well, that's the gross debt that we have, and we don't consider selling our kitchen table or even that car, because we need it. So we're working at home with a gross debt. If we were to draw the analogy in this Assembly, that gross debt for this province would be \$33 billion roughly.

I refer to a publication put out by the Western Centre for Economic Research, out of the University of Alberta. These are people who spend a lot of time looking at budgets across the country, and in particular they paid attention to the budget of this province. The document was authored by Melville McMillan and Allan Warrack of the Department of Economics in the Faculty of Business. You'd think these are people in the know-how when it comes to looking at numbers in an objective way. On page 11 of this document they go on to say that the net debt of the province is influenced significantly by which estimate of the Alberta heritage savings trust fund assets is used. Focusing only on the unmatured debt of \$22.5 billion, using the provincial figure results in an obligation of \$10.6 billion, or \$4,069 per capita. Employing the more conservative estimate of the realizable market value of the Alberta heritage savings trust fund assets, the net debt comes to \$14 billion, or \$5,374 per capita.

I'm just curious, if in fact we were to bring forward yet another set of estimates in the next fiscal year, whether the Treasurer could, through definition, decrease the net debt to zero. I'm sure that he could, but the bottom line, which is really what we should be discussing here, is that Albertans will continue to carry a

significant amount of debt, which certainly isn't presented in this document Straight Talk, Clear Choices. I think those Albertans that are going to make the clear choices based on this supposed straight talk may be making decisions which may not be in their best interest.

So I would just caution that when Albertans, our constituents, go through this document, they ask questions of their MLA. Ask them to look through the previous budgets, through last year's or the year before's. Or, better yet, look through the 18K, which is a financial document, a summary of the province of Alberta that we send to New York or other financial markets when we wish to loan money. We give them a slightly different picture than the one we give Albertans. I think maybe we should distribute those 18Ks to all the MLAs so they can show their constituents some facts that aren't presented here in Straight Talk.

9:40

I go to another document that was recently produced by the University of Alberta, but this time it was authored by just Melville McMillan, a professor at the Department of Economics. It was a publication just put out, as a matter of fact, a month ago, February 1996, and it was titled *Leading The Way or Missing the Mark*. It refers, then, to the Klein government's fiscal plan. In closing comments found on page 216, which I think are quite interesting to read and once again important for Albertans to consider when they're reading Straight Talk, Clear Choices – and I go on to read the comments made by Professor McMillan. He states that despite the laudable and ubiquitous efforts to get more for the public dollar, the expenditure cuts in Alberta have eroded, often substantially, public services and deferred needed public investment. He goes on to say a few lines later that the existing levels and patterns certainly cannot be considered an equilibrium.

So that means we're going to be readjusting. Now, does that mean we're going to continue to cut or that we can expect more savings in the future? Or does it mean that that pendulum might have to swing up into greater expenditures? When we hear about the waiting lists for surgeries, I would suspect that that pendulum may be swinging up in terms of costs, perhaps at some point after a provincial election.

Professor McMillan goes on to say that it is likely to take some time to assess fully the alternatives. Certainly I would say that by the time a proper assessment could be done, we could be at the start right after the next provincial election.

His closing comments I found most interesting, most informative. He put that if Albertans are actually being presented with more than a politically convenient illusion of a relaxation of expenditure restraint or reduction, the beginning of the shift may just be starting to emerge. In conclusion, then, the evidence suggests that despite the press and the sell, the Klein government's deficit elimination program is missing the mark more than leading the way.

Mr. Chairman, I think that's some good information that should be a supplement to Straight Talk, Clear Choices, because then it would be considered straighter talk and clearer choices. If Albertans are to make decisions on how we should reinvest or whether we should invest, certainly one of the considerations, the primary consideration of that decision is whether the level or programming which we currently have is meeting the needs of Albertans. I daresay that based on the feedback and the polling, the very polling that the government is doing and using taxpayers' money to do, it is indicating that we are falling below the mark significantly in the area of health and also significantly in the area of education. So it is going to be very difficult to make those clear choices about where public funds should go without knowing

what level of programming and services we're currently at.

Now, I heard the Treasurer earlier asking the Member for Edmonton-Whitemud which Treasury Branches he would shut down. Well, you know, the choice isn't quite that clear, Mr. Chairman. It's not which Treasury Branch should be shut down. Many times the hon. Member for Edmonton-Whitemud has brought to the attention of the Provincial Treasurer the fact that there were problems in that particular financial institution for which he is responsible. In fact, if one looks to the Treasury annual report for the fiscal year ended March 31, 1995 – because that's the most current document that I could get my hands on – and if one looks to page 50 and 51, you'll find, and all Albertans could find if they so chose, in appendix A an Alberta Treasury organizational chart. Now, at the very top of that organizational chart – yes, in that little box – it says: Provincial Treasurer. In other organizational charts one would assume that the person at the top of the chart is in charge, accountable, responsible. My hon. colleague from Edmonton-Whitemud has tried to point that out to the Treasurer many times, but despite his best efforts the Treasurer has never really addressed the issue. In fact some say that he's evaded responding to the issue. I wouldn't go that far. He's just been very, very uncomfortable because he knows this is an area which he is responsible for, he knows this is an area which has gone astray, and he knows this is an area which has changed the consolidated budget position that Albertans find themselves in and may suffer some program cuts as a result. He knows he has a responsibility that he must act on, and he's a bit embarrassed by the fact that he hasn't to date. So I know that there will be some changes in the near future because there is more and more pressure mounting on the Treasurer to undertake some kind of change.

Now, he asks: which Treasury Branches would the hon. Member for Edmonton-Whitemud close? Well, I think we go back to assessing what the real role of government is. Is the role of government to take public funds and put them into private entities? I'd say no, it's not. It's clearly not. Taxpayers, if they wish to invest in private companies, will probably skip the tax route and go directly to the stock markets or perhaps even start their own companies. So, no, government shouldn't be putting taxpayers' money into private entities.

The next question is: should government be in the area of banking? Now, the Treasurer I'm sure will come out with many, many good reasons, and sure enough there are. There are many small businesses, particularly in rural Alberta, which the commercial banks generally won't extend credit to. So there's a void in the market that needs to be filled so we can fuel the economy. The minister responsible for agriculture has so often said that agriculture is the backbone of this province. So there is some need. The question is: should the Treasury Branches be doing what they have been doing and lending tens and twenties of millions of dollars to very well-to-do Albertans, in fact large corporations or sports teams? So that mandate is not being met the way it should be met. We should perhaps look at redefining that mandate if it currently permits the Treasurer to extend credit to professional sports teams, or we should in fact live within the boundaries of the current mandate. The Treasurer, responsible for that area, should hold someone to account, if not himself.

The next comment that I do want to make is that at the beginning of his talk, some hour and a half ago, the Treasurer provided to all members of this Assembly a document entitled Alberta Treasury Business Plan and Supplementary Information, 1996-97 to 1998-99. You know, Mr. Chairman, the unfortunate part is that he introduced it an hour and a half ago, but it's an essential part of the debates on the estimates of his department.

Now, if the Auditor General were to be presented with a document and then expected to respond to it – and this document contains 77 pages of I would say both fairly comprehensive budget estimates and details about the upcoming year. I would hazard a guess that even the Auditor General could not review this document in a matter of only minutes, as my colleague from Edmonton-Whitemud had before he stood to his feet to pose questions to the Treasurer pertaining to his department. Even myself, standing an hour and a half later, have not had the chance to thoroughly go through this document and ask questions then stemming from it. This, I would say, is a disservice to Albertans because we are here to hold the Treasurer accountable, to make sure he stays on that fine line of fiscal responsibility and fiscal accountability, yet we're not permitted to carry out that function.

I would like to know: will the Treasurer commit to being more accountable to Albertans and take a more active role in the day-to-day affairs of the Alberta Treasury Branches? That doesn't come down to which loans will be issued and which won't, but I think certainly in terms of the delivery of the mandate the Treasurer must intervene and play a larger role than he has supposedly played to date.

9:50

The other issues that I would have stemming from his department. How does his government plan to measure the satisfaction of Albertans with the province's finances? As I said earlier, it's far too early in the program to be able to say with any certainty whether there is a successful transition taking place in Health and Education. If anything, the early feedback is to the contrary. People are very concerned. I'm not sure that the exact concern is that we're underfunding those areas, but certainly the whole issue of how they're being managed is still very much in question. Despite knowing the fact that the public service in Alberta is a very competent and capable one, I think that perhaps the pressures within which they're forced to work are significant, and we are seeing some service deterioration to, as the Treasurer would put it, the customer, the Alberta taxpayer. This remains to be very much a concern to me. [Mr. Sekulic's speaking time expired] Oh, goodness. I may stand later then. Thank you.

THE CHAIRMAN: The hon. Member for Edmonton-Rutherford.

MR. WICKMAN: Thank you, Mr. Chairman. I have some other engagement I have to be at, and I just have three questions that I'm asking on behalf of constituents that have asked me to bring these questions to the Provincial Treasurer, not that I necessarily agree in all cases with the content of the questions. Nevertheless, as a responsible MLA when constituents come to me and say, "I want you to ask the Provincial Treasurer this question when you have the opportunity and get a written response back," so I can forward the response to them . . . I would hope, Mr. Chairman, in recognition of the kindness of the Member for West Yellowhead in allowing me to take his spot so I could ask these three questions, that he can use up the portion of my 20 minutes that I don't use up.

THE CHAIRMAN: Hon. member, I can't guarantee that, but go ahead and finish your questions.

MR. WICKMAN: Thank you. Okay. I'm only going to ask these three questions, because others are arguing very sufficiently on the budget of the Treasury Branches. First to the Provincial Treasurer. As he reads *Hansard*, does the Treasurer not realize that when the Alberta Treasury Branches were first set up, they were set up, Mr. Chairman, as an alternative to banks, as a type

of operation, almost of last resort, where persons that could not deal with the traditional or the major banks, because of whatever reason, had the Treasury Branch to go to? What's happened now is that Treasury Branches have simply become another form of big bank competing directly with the banks, serving the same type of clientele. We read about them in the papers. They're raised by members of our caucus on a continuous basis. What my constituent is telling me is that if the Treasury Branches can't go back to the mandate they had originally, maybe they shouldn't even be there. They should be there to service the person that is caught in between the cracks of the major banks.

Secondly, I'm not sure of just the amount of provincial dollars that are involved – I know that when we talk in terms of native affairs, most of the monetary or financial considerations, of course, are federal. But whatever provincial dollars are involved in the distribution to native bands in the form of agreements, in the form of grants, whatever, what auditing procedures are in place?

The third one. Again I was requested by a constituent of mine to ask this, and I have directed some correspondence to the Treasurer in the past, but I really haven't gotten a sufficient response to it. It deals with Principal trust. There is an accounting firm that is responsible for winding down the affairs of Principal trust. This has gone on for a number of years. It's costing the taxpayers a great deal of money as it continues winding down those affairs. The constituent of mine has requested some indication as to when those affairs will be wound up, when that accounting firm will have finished its role in the winding down of those affairs.

So if the Treasurer could respond to those three questions.

MR. DINNING: Could you just repeat the second question, Percy?

MR. WICKMAN: The second question is dealing with: what auditing procedures are there in place for dollars that are allocated to native bands? If I can get a written response further down the road, that's sufficient, Mr. Chairman. I don't expect the minister to rise tonight and answer all three.

MR. DINNING: Mr. Chairman, the member raises some interesting comments, and of course, my colleague for Edmonton-Manning has flown into a flight of rhetorical fancy that would be difficult to respond to in the kind of detail that I know he's expecting of me this evening.

As for dollars going to the native bands, Mr. Chairman, I will do some checking. I may have to ask my colleague the Minister of Family and Social Services to get that information for the hon. member, but I will take his questions and take his advice.

Mr. Chairman, before I make any further comments, the Member for Edmonton-Manning did raise a study done by a certain professor associated with the Western Centre for Economic Research. You know, thank God we live in a democracy where people have a right to express a point of view even though they're wrong. That clearly is the case here with Professor McMillan. He's of a view that says: the more you spend, the better things will be. Well, we don't subscribe to that thinking. I guess the Liberals do now, but we simply don't subscribe to that thinking that says that Albertans don't really give a hoot about how much is actually being spent.

What Albertans give a great hoot about is results. The fact is that the current results – and I look to my colleague here, the Minister of Education. He can report to Albertans and Canadians that the state of our education system, the results that come from sort of cross-country testing or our own testing of our students show that we fare better than virtually all of the other provinces in the country. Yet we're not saying that we're spending gobs and gobs and gobs more money than the other guys, and I don't frankly think we should. Those other guys can't afford to do it if they're running a deficit. More importantly, let's focus on results, professor, rather than focusing on how much money gets spent. The more we focus our efforts on that, the better off all Albertans will be when it comes to health or education or advanced education or roads or transportation or running parks.

The member asked about the business plan. The fact is that the business plans that are in Agenda '96, Mr. Chairman, are the official business plans. Those are the business plans. What I provided you tonight was additional, supplementary information, but clearly the Alberta Treasury business plan was the document that is found in Agenda '96.

Mr. Chairman, I know that members maybe want to get on with other debate, but in the interests of time I move that the committee do now rise and report.

THE CHAIRMAN: The hon. Provincial Treasurer has moved that the subcommittee rise and report. Are you all in favour? Say aye.

SOME HON. MEMBERS: Aye.

THE CHAIRMAN: Opposed, if any?

SOME HON. MEMBERS: No.

THE CHAIRMAN: Carried.

[The committee adjourned at 10 p.m.]