

Legislative Assembly of Alberta

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Date: 99/03/03

head: Government Bills and Orders
 head: Committee of the Whole
 [Mr. Tannas in the chair]

THE CHAIRMAN: Good evening.

Bill 13 Appropriation (Supplementary Supply) Act, 1999

THE CHAIRMAN: Any comments, amendments?
 The hon. Member for Calgary-*Buffalo*.

MR. DICKSON: Mr. Chairman, thank you very much. Just while I put my hands on my copy of the estimates booklet, I had one concern that I haven't heard satisfactorily explained, and it has to do with the Department of Justice -- we're looking at supplementary estimates for the Justice department -- and the explanatory note. You know, in the explanatory note they talk about more money going into judges' salaries because of a decision of the Court of Queen's Bench. But when I looked at the item -- and I'm referring to the specific line for Justice estimates in the appropriation bill -- what I saw was a significant increase in terms of the Provincial Court. It seemed to me that that called out for some kind of explanation. As best I've been able to determine, the minister hasn't provided us with that explanation in terms of why in Bill 13 we're looking at substantially more dollars for Queen's Bench. In any event, I do have that concern.

You see, the explanation we were provided with is that this supplementary estimate of \$2.3 million "is requested to provide additional funding for salaries and benefits owing to judges as a result of a Court of Queen's Bench judgment." But when we look at the program funding, which is the background material to the appropriation bill we're voting on now, what we see are allocations to Court of Queen's Bench Calgary and allocations to the Court of Queen's Bench Edmonton, and these are things that clearly have nothing to do with the ordered increase in Provincial Court judges' salaries. So I wanted to ask that question and give the government a chance to offer some explanation before I proceed with other questions I've got with respect to supplementary estimates.

I'll sit down but only for a moment to see if I'm going to get a response to that question. If I don't get a response, then we'll forge on with some of the other queries I've got.

Well, Mr. Chairman, it looks like I'm not going to get an explanation. I'm certainly interested in seeing support for the Provincial Court judges in terms of a salary increase, but I don't think we can be expected to vote without some full and adequate explanation for the expenditures. Now, maybe the Minister of Advanced Education or the Minister of Energy or the Minister of Economic Development have some explanation, but I don't have it, and that's certainly of some concern.

Now, the other issue I've got with respect to the appropriation bill has to do with the Health department. When I look at page 53 in the estimates booklet and the \$1.1 million to provide for the settlement of legal claims, I guess I'm reminded that when government doesn't do the job of adequately assessing risk, of taking appropriate measures to address claims as a result of negligence, inadequate testing, inadequate monitoring, inadequate supervision, we pay a huge price as taxpayers. Every time I see a claim like this \$1.1 million, people can say: well, excellent; who wouldn't want to see

these claims settled? That's certainly not the case with me. I do want to see them settled, but as the Member for Calgary-*Glenmore* could tell us -- he's got a lot of courtroom experience in the various courts in this province, and he can tell us -- if you're having to pay, you're far more likely to get an advantageous settlement than holding off and waiting till the end of the litigation process. I can't speak for the Member for Calgary-*Glenmore*, but I suspect that that would be some of the advice he'd offer members of the Assembly tonight, the old adage: better sometimes a bad settlement than a good trial judgment.

I look at this and I think of all of the money that we've seen the taxpayers foot because of government negligence, government oversight, presumably bad legal advice in terms of fighting all kinds of claims through the courts of this province and of this country at enormous cost to taxpayers. When we see this kind of supplementary estimate supported by Bill 13, the appropriation bill, we just have to ask. There has got to be a better way. There has to be a number of better ways of trying to resolve these at an earlier stage. So that continues to be a concern.

I think my colleagues the other day did an excellent job of covering the concerns about blood and blood-related products, a number of questions about higher physician billings. I do want to get that remark on the record with respect to settlement of legal claims.

I know that there are some other colleagues that have a lot more to add, and I don't want to monopolize the time on Bill 13, so I'll take my seat and try some of my other questions a little later.

Thank you very much, Mr. Chairman.

THE CHAIRMAN: The hon. Member for Edmonton-*Glenora*.

MR. SAPERS: Thanks, Mr. Chairman. When I last had a chance to talk to supplementary supply, I didn't really get an opportunity to get through the whole book because we ran out of time. I understand we're under the clock again tonight. Standing Orders require that we have a vote by midnight. Anyway, here we go spending \$100 million again with the clock ticking.

I didn't get a chance to raise any questions about the supplementary request under Intergovernmental and Aboriginal Affairs, and I have yet to have an opportunity to hear the minister responsible speak to this. I understand that the money is being used to promote francophone cultural and historical development to mark 1999 as the year of the francophone. I'm glad to see that in fact the government has responded to this request, but I don't know whether this is part of a larger national move and whether or not this is just part of Alberta's contribution to a larger program or whether this is a stand-alone program.

I'm wondering whether or not this sets a new precedent for other groups who may come forward either from the university or elsewhere to approach the government to ask for support to celebrate various commemorative years. If so, it would be interesting to hear from the government that that's the case or to explain, if it's not the case, the particular rationale behind this \$830,000. As supportive of it as I may be, as I say, I do have some questions.

My colleague for Calgary-*Buffalo* just raised some issues for the Minister of Justice regarding the request for supplementary supply of over 2 and a quarter million dollars. It caught my attention as well that this couldn't simply be a result of the Queen's Bench judgment for Provincial Court judges because it doesn't seem to fit. So there may be some money here for justices of the peace, or there may in fact be an explanation in terms of masters, but I would like to hear that firsthand rather than just having to make a guess. When we're spending money -- and I consider \$2,324,000 to be a

significant expenditure -- I'd like it to be voted on as more than just some guesswork or a hunch.

8:10

Under Municipal Affairs we understand that the vote is the better part of a million dollars, \$798,000 to upgrade the computer system. It's a capital investment. I don't know whether that's part of the province's overall effort to deal with the year 2000 problem or whether it's a separate issue. I would certainly appreciate some clarification from the minister, because as the opposition spokesperson responsible for science and technology I'm trying to get a handle on what governmentwide plans there are to remediate year 2000 problems. If this \$800,000 give or take a couple of thousand dollars is being used to upgrade the computer network primarily to deal with the year 2000, it's important to put that on the record because at some point the province will be held to account for its overall level of readiness to deal with that issue.

On the other hand, if it's simply a more routine upgrade, then my question to the minister would be simply this: why would it come in the form of a supplementary request? If it's a routine capital investment, i.e. something that could be planned for, something that would come about as a result of normal depreciation or obsolescence or expansion of services, clearly that would have been foreseen in the three-year business plans and could have been addressed in the regular budget process and not as supplementary supply.

Previously when I've spoken to supplementary estimates, I hope I had made it clear that the purpose of supplementary estimates should be to deal with only the most unanticipated or extraordinary expenses. The last time I mentioned that, I know that I certainly incurred the wrath of the minister of advanced education for making some accusations, that maybe we should get back to -- I'm trying to remember what he said, Mr. Chairman, but I believe the words were to the effect of: I'll only give one-word answers and we won't do anything, you know, and it will all just come out in the budget and you'll have to wait. I'm paraphrasing loosely, of course. Our intent is not to stifle in any way the responses or the creativity of any members of Executive Council but simply to remind them that this supplementary process should be extraordinary, and unfortunately it's become extremely ordinary.

In fact, I was going to go through and sort of offer some gold stars for those departments that didn't request supplementary supply estimates this year, and I can only find one overall with all the supplementary supply estimates that have come before the House, and it's the minister responsible for science, research, and information technology, who is a personal favourite of mine for many reasons. I'm happy to see that he is not joining in the frenzy to take from the pot while the giving is good, I suppose.

All of that is parenthetical to the comments about Municipal Affairs and their request for supplementary supply for computer upgrades.

That brings us to public works. Public works I think fits far more closely my idea of what a supplementary supply estimate request should be. Before that praise goes to the head of the minister, I say it fits more closely; I still don't think it's ideal. The \$6.2 million in appropriation that's being requested is twofold. One is to request a transfer from operating to capital, and the rest is for, I don't know whether it's fair to say, cost overruns or unanticipated costs in projects that have been otherwise approved. I can understand that when you're dealing with a multimillion dollar project, there could be unanticipated cost complications and even overruns, and I understand that if you're trying to work on a zero base or a very, very close-to-the-bone budget, it's probably most prudent to come back to the Assembly and ask for some additional supply rather than

rely on building some fat in the budget. So I would much rather see the minister come back in this fashion and say: look; we were out by \$300,000 here or there. In this case we're out by \$3.3 million in changes for the construction schedule of the Pine Coulee project and \$3.4 million for the East Arrowwood. It's hard for me to know what the scale of these changes is because of the overall cost over the year they've been incurred on both projects. I do have at least those questions for the Minister of Public Works, Supply and Services, if he chooses to answer them, just to help me put this in perspective. What percentage or how significant are these millions of dollars of additional funding in terms of their dollar volume relationship to the value of the projects overall?

I'll also say that when I saw that part of this vote was to move \$800,000 from operating to capital, it made me mindful of the procedural change which the Provincial Treasurer has advised me of for the budget process overall. We'll probably have other opportunity to raise this issue, but as I understand it, the Treasurer has proposed to the government caucus and the government caucus has agreed that instead of two separate votes for supply, one being capital and one being operating, being put before the Assembly on a department by department basis, there will now be one vote. That single vote will mean that the Assembly will only have that one shot at reviewing the plans of the departments and that we will never again see a request of this nature.

If this new regime were in place, the Minister of Public Works, Supply and Services would not have to come back before the House to ask for this approval to transfer this \$800,000 from operating to capital. That may be efficient, but I don't think it's high value. I don't know about you, Mr. Chairman, but \$800,000 being moved from program to capital I think is significant. I think the minister should have to come and explain that. I think the members of the Assembly should be put on notice and the members of the public should be put on notice that that kind of trading of dollars is being pursued.

Public Works. You may argue that, well, Public Works is primarily there to provide capital services anyway, and perhaps it's not that significant. Maybe you could make the same argument for Transportation or maybe a couple of the other departments. But, Mr. Chairman, certainly you couldn't make that argument in Education, you couldn't make that argument in Advanced Education, you couldn't make that argument in Health, and you couldn't make that argument in Social Services. Where there is any erosion of the program, a vote would be very significant. I hope the government rethinks its position on this and understands that just to keep true to their word about openness and transparency and accountability, they will continue to bring two votes before the Assembly, thereby requiring all ministers to come back before the Assembly and explain why they want to take money out of the right pocket and put it in the left pocket. I don't think we should do that kind of fund transfer without public scrutiny, and I would hope the government would agree.

Mr. Chairman, that pretty much covers the territory that I wanted to. I'm not sure if there are other ministers . . . [interjection] Oh, I see that the Minister of Energy, who is one minister I didn't ask a question to, actually wants to provide an answer. So I'd look forward to that, and other ministers may want to join in.

Thanks, Mr. Chairman.

8:20

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

MR. WHITE: Thank you, Mr. Chairman. I would just like to reiterate a position that I hold and that I think should be discussed

amongst the members opposite and then hopefully some change. I would normally have liked to have been able to offer an amendment in the way of deletion of some bonus funding for staff in the Auditor General's department, with the specific purpose not to withdraw some funds, because quite frankly I'm not studied on the matter and I don't know that they don't deserve some bonusing. But on the basis of an auditor that reports to the Legislature -- not to Executive Council, not to the Premier, not to a minister, but reports to the Legislature -- an officer of the Legislature to be receiving a bonus for the staff . . . I'll read you the line that offends me personally.

The final implementation of the achievement bonus program for 1998-99 performance will be conditional upon the government achieving its budgeted net debt payment target of \$585 million at fiscal year-end.

Now, that in and unto itself for an ordinary run-of-the-mill government department, if there is such a thing, is not such a bad gesture. Overall, the bonuses for all of government will be decided upon reaching a goal. That's fine, except that we're dealing here with an auditor. An auditor is the one who reviews the programs for their efficiency and effectiveness and has nothing to do with the policy of how much is spent and how much is targeted for savings. As a matter of fact, you want that auditor to specifically avoid the decisions or the recommendations to be based on anything other than the best practice possible. I mean, there's a *raison d'être* for all auditors. It's simply to do the best job possible at every instance and no more. The rewards for the job should be commensurate with the results, but the results will not and could not possibly be connected with the province's net debt and the achievement of those targets. They absolutely have no control, and should not have any control, on the outcome.

I would dearly like an explanation of the management philosophy of this as presented. I keep asking for that and have gained none. I have asked the Assistant Auditor General -- the Auditor General happens to be away at the moment -- and he has no explanation other than to say that the staff do deserve an increment, do deserve a bonus increase. I quite frankly am not on the committee that is in charge of that, which is the Standing Committee on Legislative Offices. If I were, I would have something to say about that if a meeting were called to consider it.

Clearly in the Auditor General Act in the *Statutes of Alberta*, chapter A-49, page 4, item 9 in its entirety, the office of the Auditor General is a servant of the Legislature and reports through that special Standing Committee on Legislative Offices as I just reported. I quite frankly don't know and haven't heard from any member of that committee if in fact this amendment, which would be an amendment to their budget, came through that committee. If it hasn't, I would think this entire program entitled Supplementary Estimates (No. 2) is in fact out of order, because you have no authority by the statutes that I've cited.

I haven't been able to make contact with those that do understand more of parliamentary law than I, but it appears to me that there is absolutely no authority, that it hasn't been asked for, and the Auditor General, by the regulations that are herein contained, must apply to that committee for a change in budget. That's what it says in plain English. Now, I may not be reading it in its entirety. There may be other sections, and there certainly are powers of delegation of authority and the definitions throughout the act. But it is my view that it is in fact *ultra vires*, and before third reading I hope to have some further clarification of that.

I should like to move on to an area that I was unable to get to at second reading, and committee gives me a much, much better opportunity to describe my concern. It relates to the capital spending, the capital investment, if you will, in the Transportation

and Utilities budget. Here we have a supplementary estimate of some \$12.5 million, which in anyone's book is fairly substantive. It's in the order of 7 to 8 percent of the entire budget that is in capital works, recognizing that in capital works you have to back up a long way in order to start planning them. It's a succession of planning, where one capital work is in the construction phase, another is matched to the budget allotted to the design phase, and then in between that is the phase that is a combination of redesign and public tendering.

Well, what do we get as an explanation here? We have: the request is "to provide funding for construction projects which were accelerated as a result of early tendering of 1999-2000 projects." Early tendering. You're not doing any work; you're tendering. Early tendering could mean that small design phase on the front end. The small design phase is 6 or 7 percent at max of the construction cost. You're not spending capital dollars. So that statement, unless it can be explained to this lowly engineer, is in error or at least grossly overstated.

The second reason is "favourable weather during the construction season." Now, presumably that has to be in a construction season that has already occurred, because you can't -- hopefully we have no people in capital works that are able to predict the weather that accurately so as to know what this coming year is. This was the past season. Well, you don't just sort of turn the tap on and say, "Oh, yeah, we're going to do all of this other work." In fact, if you expect or see that you're in a favourable construction year, you're able to finish off some projects, spend some more money in finishing off the projects, but you have to plan for that well in advance, and a prudent manager would have all of that leeway and more. It does not seem to be the case here.

Mr. Chairman, there are numerous other areas that concern this member. It would be nice if all of us out there in the public, speaking to the public -- and many of us had an opportunity to speak to some of the public in a specialized area earlier this evening. We were asked what we do here. I explained that we have the right to ask questions, and they have the right not to answer them. And they laughed and giggled and said, "Oh, no, that doesn't really happen." They expected the answers to be given. They're not. I stand here and ask these questions. There may be logical answers coming back, but they're not forthcoming. It used to be the case in this House that we did have some of that.

It's a shame that I don't have any questions for the member from slightly west of the city, because that member is the minister of public works and he has readily answered. It's a shame I don't have any questions for him because I'm sure that he would answer them.

Mr. Chairman, I'm afraid that I've exhausted those questions for which there are no forthcoming answers, and I will therefore have to take my seat. Thank you.

THE CHAIRMAN: Before I recognize the hon. Member for Edmonton-Meadowlark, I must remind the committee that we are in Committee of the Whole and not, as previously advertised by the chair, Committee of Supply. We are in Committee of the Whole. I think everybody has assumed that we are and are acting that way. So we're quite all right, but just for the matter of the record.

The hon. Member for Edmonton-Meadowlark.

8:30

MS LEIBOVICI: Thank you. I wanted to just briefly address some comments actually the Treasurer made with regards to the supplementary bill in front of us. He indicates with regards to health care spending that the opposition has "wept, whined, moaned," et cetera, asking for increased health care spending and that, in fact, the

government has increased health care spending by \$243 million.

I just wanted to put on the record that the estimates we're looking at today are \$18.1 million for health. The comments from the Official Opposition have been that, yes, the system as we know it today is underfunded, but in fact what the major problem is is the lack of a coherent health care plan that has provided for this government to throw money into health care whenever there's a crisis point that occurs, as opposed to being able to anticipate where the pressure points are going to be and to, in an informed, steady, conscious process, provide for funding that would not destabilize the health care system but actually bring stability into the health care system and allow for regional health authorities to have long-term planning that's required in order to ensure that that stability is within the system.

It's interesting that at the health summit that was held this last weekend, both stakeholder groups and members from the public -- and as members here are aware, there was a split between 100 representatives from stakeholder groups and 100 representatives from the general public that were picked at random. The message came through loud and clear not only on the issue of public health care being maintained and sustained and enhanced but in fact on the need for a plan for health care. There was no indication that there was either a plan or a vision that would support that particular plan with regards to health care in this province.

In reading the words of the Treasurer this evening, I felt it was important to correct perhaps the misconception that was inherent in those comments and to ensure that it is very clear that, yes, there is an underfunding issue in health care. We know that because of the deficits the majority of regional health authorities have across this province. Even the Premier has indicated that there was a need for increased expenditures in health care. In fact we probably would not have needed to see perhaps some of the supplementary expenditures over the last year had there been a plan that actually forecast and was able to identify what those pressure points would be. So perhaps we would not have had the pressure points that we had in health care at this point in time and would not have had the turmoil within health care that we have seen in the last number of years.

So those were the comments that I wanted to add in particular in the area of health with regards to Bill 13. Thank you.

[The clauses of Bill 13 agreed to]

[Title and preamble agreed to]

THE CHAIRMAN: Shall the bill be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Opposed? Carried.

Bill 1 Fiscal Responsibility Act

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

MR. SAPERS: Thanks, Mr. Chairman. Bill 1: I'm getting to have a certain fondness for this bill even though I continue to not support most of it. I don't, however, have any problem with paying off the province's accumulated debt. I have some difficulty with a legislated 25-year plan that could be just as easily ignored as the Balanced Budget and Debt Retirement Act was ignored by the government. Again, I'm not opposed to the idea of continuing the prohibition against annual deficits at any time during the course of

a single fiscal year, but I'm just wondering why we continue to see a government that has to legislate itself to do the right thing as opposed to just relying on good governance to do the right thing.

I'm happy with the 75-25 split as far as it goes, but a weakness continues if there's no provision for a stability fund. I'm very concerned about what I see as the erosion and the potential erosion of the value and the future value of the heritage savings trust fund. Furthermore, I have some concerns that if this government were serious about living to the letter of the law, not only would there be a piece of legislation that would prescribe a course of action; there would be embedded in that legislation a penalty if that course of action wasn't pursued.

So Bill 1 remains at this point in the debate what it was when we started, and that is a slogan for the provincial government. It sounds good: the Fiscal Responsibility Act. However, I think Albertans are sufficiently sophisticated that they can see through such a tactic and would expect more of a government than just a three-word slogan to convince them that they were serious about dealing with the accumulated debt.

I'll give the government credit for dealing with the net debt. Of course they didn't do it by themselves. They did it as a result of the productivity of Albertans, they did it as a result of some world economic conditions, and they did it as a result of underfunding municipalities and core services such as health care and education. But they did mostly pay off the net debt. I think the Treasurer is predicting now that at the end of this fiscal year the net debt will be down to somewhere between \$400 million and \$500 million. That's certainly manageable given the cash flow and the GDP of the province of Alberta.

Now, Mr. Chairman, I have some amendments that I would like to propose to Bill 1. I have a series of amendments. The first one I suppose we'll call A1, and what I'll do is pause while the amendment is being circulated.

THE CHAIRMAN: Edmonton-Glenora, I think that enough people now have copies of it and the rest will soon get them.

MR. SAPERS: Thanks, Mr. Chairman. Then I'll continue. I'm proposing the following amendment: that section 1 is amended by adding the following after clause (j):

"Fiscal stabilization" means a mechanism to assist in stabilizing the fiscal position of the Government in response to the cyclical nature of the Alberta economy and to protect the sustainability of social programs.

And B: section 4 is amended in subsection (1) by striking out "not more than 25% of the excess may be committed in the fiscal year for program expenditure initiatives or revenue reduction initiatives" and substituting "not more than 25% of the excess may be committed in the fiscal year for fiscal stabilization, program expenditure initiatives or revenue reduction initiatives."

8:40

This is clearly an amendment to the definition section of the bill. What it does is insert some true responsibility and accountability back to the taxpayer in terms of protecting their precious programs and services against the cyclical nature of the Alberta economy. I think we can all take some pride in the hard work of Albertans to diversify the economy, particularly over the last decade, but the fact remains that our economy is still tremendously responsive to changes in commodity prices, whether they be in agriculture or in the energy sector or elsewhere.

The notion of a fiscal stabilization fund is one that should now be well known to members of this Assembly, because members of the Liberal opposition have been talking about it since 1993, and we

believe that any prudent fiscal plan would include the notion of stability. Without that notion of stability, then I guess we could question whether or not the government is serious when it talks about protecting Albertans against some of the shocks that happen to our economy both because of internal situations and also external, whether it be the Asian flu or a far-off war or the fortunes of a United States president.

So, Mr. Chairman, the purpose of this amendment is to allow for a portion of the 25 percent of excess revenues to be placed into a fiscal stabilization fund to smooth out Alberta's volatile economic and revenue cycles and to ensure the sustainability of health care, education, funding to local municipalities, and the maintenance of a competitive tax regime.

If this provision had been in place during the current Balanced Budget and Debt Retirement Act and 25 percent of excess revenues had been placed in a fiscal stabilization fund, Alberta would today have \$1.8 billion sitting in such a fund, and this would of course help us deal with this short-term downturn that we are now experiencing. You have to compare the flexibility that this \$1.8 billion would have given us to the \$650 million that's now sitting in a revenue cushion that's only available to the Legislature on a within-year basis.

In other words, what the Treasurer has set aside is about \$650 million into a revenue cushion or an economic cushion as he's now calling it. That will go towards the debt if it's not needed this year. That doesn't help us next year, and if oil prices continue to fall, Mr. Chairman, we're going to need some help next year. In fact a subsequent amendment that I have speaks to not just my concern about the ability of the province to meet its obligations and balance the budget but also what must in fact be the Treasurer's concerns, because there are some things in this act which suggest that the Treasurer is highly concerned about the ability of the province to meet its obligations and balance the budget at the same time.

Funds allocated to the fiscal stabilization fund would be viewed as designated assets and would be available for the specific purposes outlined in the legislation. Public-sector accounting statement 3100 recommends how to account for and report designated assets and revenues in financial statements of governments. So it is clearly a generally accepted principle that a public body such as a government can designate a fund that is accrued in one year and use it for a specific purpose in a subsequent year and would not run afoul of any auditing, and I believe that any suggestion to the contrary would be inappropriate.

Mr. Chairman, that is my first amendment to Bill 1. It's an amendment that I believe is based on sound reason and logic, one that reflects the economic picture of the province of Alberta. I'm certain that in keeping with the government's move towards accountability and wanting to ensure the sustainability of programs, it will meet ready acceptance of all members of the Assembly.

THE CHAIRMAN: The hon. Member for Medicine Hat on amendment A1.

MR. RENNER: Thank you, Mr. Chairman. I am pleased to rise and speak to this amendment as proposed by the Member for Edmonton-Glenora. I have to give the member credit for imagination if nothing else, because I think we have before us something that's extremely creative. We have a page that sets out a definition and a process for establishing, essentially, deficit budgeting by another name. What I understand about a fiscal stabilization fund is that when revenues are not sufficient to meet budget, we'd dip into the stabilization fund. Well, the last I heard, that was called a deficit, and I simply cannot nor will Albertans agree to the government getting back into deficit financing.

The other point I need to make is that while the member talked about the volatility of the economy, I fear that maybe he has missed the intent of Bill 1, because Bill 1 is designed to deal specifically with the volatility of the Alberta economy. That's why it sets up and the process in Bill 1 puts in place legislated cushions that have to be in place each and every year to allow the Provincial Treasurer to be able to accommodate those kinds of volatile economic conditions. So in years that revenues do not meet expectations, the provisions of the bill will allow the Provincial Treasurer to pay the bills, so to speak, without getting into a deficit, and in years when expectations are met, the 75-25 principle falls into place.

Mr. Chairman, for those reasons, I cannot support this amendment.

THE CHAIRMAN: The hon. Member for Edmonton-Calder on A1.

MR. WHITE: On the amendment, sir. I can't believe what I'm hearing from the member opposite. He does not seem to understand what fiscal stabilization does. I mean, somehow he's missed the point entirely or chooses to entirely miss the point. I see a slight smile on the man's face. Perhaps that is the case.

The last time I looked, fiscal stabilization was exactly that. It was taking the humps and hollows out but in a reserve fund. Of all the provinces in Canada this province in particular has a difficulty with prediction of income and rightly so. I mean, it's a darn difficult thing to do for anyone. So instead of lowballing and predicting a rate that would allow a great deal of flexibility on the other end, what we say is: okay; there is this amount of room to move, and anything above what we predict will go into a fund that will be adjusted up or down every year, but it can be drawn upon for that one year when things hit the bottom. At least at that point, then, one budgets on exact expenditures, not this guesswork of saying: well, we have this big cushion here; we have this big cushion there. That's budgeting by bad guess, and that's a terrible way to budget.

Quite frankly, this is a very, very responsible piece of legislation by amendment, and I can't see how the members opposite can't understand the simple logic of it. Thank you, Mr. Chairman.

THE CHAIRMAN: The hon. Member for Edmonton-Glenora on A1.

MR. SAPERS: Thanks. Yeah, on amendment A1. I, too, was somewhat taken aback by the Member for Medicine Hat's observations on this amendment. It's fully, of course, within his right as a member of this Assembly to vote any way he chooses on any motion that's put before the Assembly, but when the member stands up and accuses this member of supporting deficit financing, I have to take that very seriously and challenge him to explain himself.

If I follow that member's understanding of deficit budgeting, then I wonder how he in good conscience could have just supported the vote on the appropriation bill. It seems to me that that would certainly fall into his definition of deficit budgeting, that we've had minister after minister after minister come to us after the fact and ask for more appropriation because they already spent the money in fact, Mr. Chairman, and now they have to make it good. I wonder if he supports the government's initiative to move to a single consolidated vote which allows him to transfer money willy-nilly from one pocket to another without coming back to the Assembly. I guess, following with that member's definition of deficit budgeting, he would have to be opposed to that as well.

Furthermore, Mr. Chairman, I would have to imagine, given that Member for Medicine Hat's definition of deficit budgeting, that he would be opposed in fact to what the Treasurer has so cleverly inserted into the budgeting process, and that's the revenue cushion

the government already has. Because listening closely to that member's definition of deficit budgeting, that's exactly what the Treasurer has done. He's put in a \$650 million cushion or slush fund so that if all the departments mess up and don't stick to their fiscal plans, they can dip in at the Treasurer's will and whim when he decides to book that extra revenue, and then it would be available for program spending.

8:50

If the reason this motion is going to be defeated by the government is because they somehow believe that this supports deficit budgeting or this bizarre definition of deficit budgeting, then I would have to expect government policy is going to substantially change. In fact I'll be seeing that Member for Medicine Hat also vote against Bill 1 unamended because of the economic cushion that is built in in that legislation. At the very least I would expect the Member for Medicine Hat to be consistent.

[Motion on amendment A1 lost]

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

MR. SAPERS: Thank you. Might we propose amendment A2, Mr. Chairman, and I will pause and give the pages a moment to circulate this.

THE CHAIRMAN: The hon. Member for Edmonton-Glenora on amendment A2.

MR. SAPERS: Thanks, sir. As the pages are continuing the distribution, I will read the amendment into the record. I move that Bill 1 be amended as follows: section 7 is amended by (a) striking out the words "the Audit Committee established under section 21 of the Auditor General Act" and substituting "the Auditor General," and (b) in clause (b) by adding "or the Standing Committee on Public Accounts" after the "Provincial Treasurer."

Mr. Chairman, it is really quite important to me that the Assembly give this amendment very serious consideration. Just earlier today in this Chamber, during the meeting of Public Accounts, there was a rather truncated discussion, one that will continue next week, on the role and the scope of the Public Accounts Committee. My colleague the chair of Public Accounts is quite anxious that the Assembly provide more direction over what the committee may and may not be engaged in as it is the feeling, certainly among many members of the committee, that the scant direction provided in Standing Order 50 needs to be enhanced by some statement from the Assembly as a whole.

The purpose of amendment A2 is to have the reporting on progress towards debt retirement conducted by the Auditor General, who is in fact an independent officer of the Legislative Assembly and provides of course ongoing advice to the Committee on Public Accounts. The Audit Committee is really a committee of the Provincial Treasurer, and regardless of the talents and the expertise of the men and women who may be on that committee, they are a creation of the Treasurer. We believe that something as fundamental as reporting to the Assembly and through the Assembly to the people of Alberta the progress on debt retirement should come from the most neutral of all sources, and we have the Auditor General as a legislative officer who fits that bill.

The amendment provides a role for Albertans through the Standing Committee on Public Accounts to assist the Provincial Treasurer and the Auditor General to inquire into any matter relating to the financial affairs of the province.

Mr. Chairman, this government is staking out great political territory on the basis of debt retirement. It was the song that they sang in the '93 election, it was the song that they sang in the '97 election, and it sounds as though it's the song they're going to be singing in the millennial election, whenever that may be. [interjection] Well, my colleague says they'll be singing *Auld Lang Syne*, and of course I agree with that. During the campaign they may be trying to whistle a happier tune, and of course it'll be more like a funeral dirge, I think, for that party when the counts are in.

All of that partisanship aside, Mr. Chairman, the issue here is that there has been tremendous political investment on the part of the government in debt elimination. It seems to me that going hand in hand with that kind of investment should be some reporting back, some return on investment for the people of Alberta. I don't think that any constituent, not one of mine, not one of yours, Mr. Chairman, not one taxpayer in this province, should have to be subjected to somebody from government saying: I'm from government; trust me. I think we owe our constituents better than that. So the notion of independent reporting is one that I'm sure the government takes seriously and will consider.

In order for the reporting mechanism for progress on retiring accumulated debt to be complete, there must be an accountability framework in place that's effective and clear to everyone, that's transparent, and where the mechanics of the framework can actually be understood by any observer or anybody who makes an inquiry.

The Provincial Treasurer as a member of the Audit Committee also selects the other members of the Audit Committee, and this creates the perception of a lack of transparency and openness. I know that the Treasurer is sincere when he talks about the need to be open. In fact, I take him at his word when he talks about having the most open and transparent process that he can bring to bear. This amendment would assist him in doing that, and it would remove any perception of a lack of transparency.

Mr. Chairman, it may come as a surprise to some members in this Assembly, but politicians don't always get high scores when it comes to trust ratings. Politicians who say one thing and then do something else probably score the lowest and deservedly so. I don't want to be a member of an Assembly that doesn't stand up and point out that kind of contradiction when it happens. We have here an opportunity to correct a deficiency in a law that if left uncorrected would only add to that perception that politicians sometimes do something different from what they said they were going to do.

This will allow the government to make good on its pledges of openness. I would hope that the wisdom of moving from an Audit Committee that's really constructed at the desire of one member of Executive Council to oversight by a legislative officer will make sense to all members of the Chamber and that this motion for amendment known as amendment A2 will be recommended to the Assembly.

Thank you.

THE CHAIRMAN: The hon. Member for Medicine Hat.

MR. RENNER: Thank you, Mr. Chairman. I'm looking at this amendment and wondering if the member has considered that this act we're dealing with, the Fiscal Responsibility Act, is really a very small portion of the overall accountability that the government has in place. Much of the detail respecting the finances of the government fall under the Financial Administration Act, which is a considerably more detailed document than the Fiscal Responsibility Act.

9:00

This act deals very specifically with the long-term elimination of debt. The amendment as proposed by the Member for Edmonton-Glenora appears to be, in my opinion, a duplication of effort. By removing reference to the Audit Committee and replacing it with the Auditor General, I think that the member is forgetting that the Auditor General plays a very significant role in dealing with the overall finances of government and is an independent body and has a great deal of jurisdiction throughout the process. The Auditor General Act has reference to the responsibilities of that individual.

Here we're dealing with a very specific recommendation that says that the Audit Committee shall

report publicly to the Executive Council on the progress made in eliminating the accumulated debt at least once every fiscal year until the accumulated debt is eliminated.

I think that's a very straightforward kind of a request, and I really don't see the reason why the member would be suggesting that the Audit Committee should not be the one that is doing that but that instead it should be the Auditor General.

In the next part of the amendment he's suggesting that inquiries relating to matters on financial affairs may be requested by the Provincial Treasurer or, he's adding, the Standing Committee on Public Accounts. He used in part of his argument the fact that we need to depoliticize the process. Well, frankly, I can't think of a committee that is any more political than the Public Accounts Committee. It's composed of politicians. So I hardly think that depoliticizes the process by involving the Public Accounts Committee.

The Public Accounts Committee has a very significant role to play in dealing with and reviewing the historical records of government and ensuring that there is transparency in the dealings of government. The Public Accounts Committee does not deal in policy or policy-related matters. It more appropriately is the Provincial Treasurer that should be dealing with that, and for that reason I also cannot support this amendment.

THE CHAIRMAN: The hon. Member for Edmonton-Calder on amendment A2.

MR. WHITE: Yes. I do believe the member opposite either misspoke himself or doesn't have a great deal of experience with the Public Accounts Committee. The Public Accounts Committee in fact is as close to apolitical as possible, not as political as possible. In fact, we go way out of our way to treat every member the same, and I think if the vice-chair were here, which he's not -- and I see that there is a member or two of the committee here -- he would explain to him that is not the case. The most political committees of the Legislature are standing policy committees. Those are the most political because they are financed through the caucus and they only allow government caucus membership. That's the most political, so I think perhaps the member could stand corrected on that matter.

Thank you, sir.

[Motion on amendment A2 lost]

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

MR. SAPERS: I'm shocked and stunned, Mr. Chairman. I have another amendment. It's amendment A3. Amendment A3 has to do with something that there has been much discussion about already, and that's the heritage savings trust fund. I'll have the Clerk set this out, and I know that all members will readily support this because it is part of the legacy of this province.

THE CHAIRMAN: The hon. Member for Edmonton-Glenora to move this amendment, which you have named A3 and we concur.

MR. SAPERS: Thanks, Mr. Chairman. I'd like to move amendment A3, that Bill 1 be amended as follows: section 9 is amended by striking out clause (b). That's it. It's a simple, elegant, straight to the point, highly efficient, not bound in red tape and lots of regulation kind of amendment. I know that the member from Peace River is paying rapt attention and will want to support this motion quickly.

Mr. Chairman, to me one of the most disturbing parts of Bill 1, the Fiscal Responsibility Act, was what I saw as an unexpected attack on the heritage savings trust fund. Now, since this current government has come to power, they've had a select special committee of the Legislature do a cross-Alberta consultation on the future of the heritage savings trust fund, and as a result of that consultation I think it's fair to say that both the position of the government and the position of the Official Opposition has changed on the heritage savings trust fund.

The government has moved to help protect the fund, has moved to inflation-proof it, has moved to moving money all into the investment portfolio, has helped stem the flow of cash out of the fund, has moved to make it a less politically driven fund. I'm actually quite pleased with a number of the management changes that this government has implemented, and that's why I was so taken aback when I saw clause (b) in section 9. That clause could only do one thing. That clause could only back the government away from its commitment to inflation-proof the assets of the heritage savings trust fund.

Now, the purpose of my amendment is to ensure that Albertans' savings account for the future, the heritage savings trust fund, continues to be fully inflation-proofed on an annual basis in the fiscal year 1999-2000 and in subsequent fiscal years. I find it very surprising that the Treasurer would propose a fundamental change in the direction of the heritage fund in the Fiscal Responsibility Act, in essence giving him the option to siphon off the assets of the Alberta heritage savings trust fund to pay for tax cuts. I don't think Albertans identified that as an option when they were asked about the future of the fund. I don't think that Albertans said: sure; cash in our rainy-day fund to pay for tax cuts.

In fact, no matter how many times the Treasurer asks, he gets the same kind of response from Albertans, and that is that Albertans want to have that fund protected at the same time that they want to have a balanced budget, at the same time that they want to have and deserve to have properly funded social programs, protection of our core services. Even though the government doesn't recognize it, Albertans recognize that those services are really investments and shouldn't be considered costs.

Also, the Treasurer is told that, yes, Albertans would like to have some tax relief, but they don't want that tax relief to come at the expense of those programs and services that they cherish. Mr. Chairman, they want those tax cuts to come about as a result of the government becoming better at governing. They want those tax cuts to be funded by good management and good governance. They don't want those tax cuts to come as a result of an erosion of the heritage savings trust fund or the erosion of public health care or the erosion of public education or the erosion of child welfare or the erosion of municipal funding.

9:10

Mr. Chairman, the change that the Treasurer is proposing is being made without any consultation with or seeking the approval of Albertans. The Treasurer's plan to scoop up the assets of the heritage savings trust fund is an example of the kind of booga-booga

accounting -- I think that is the term that was coined by the predecessor, the much lamented Jim Dinning. Now, that Treasurer used to lecture the Assembly on this kind of smoke-and-mirrors, booga-booga, yo-yo, up-and-down, dipping-and-diving kind of budgeting. I would hate to think that the current Provincial Treasurer has not reviewed all of those sage comments from his predecessor.

MR. DICKSON: And the Yogi Bera quotes.

MR. SAPERS: Yeah. That's right, the Yogi Bera quotes, which frankly, Mr. Chairman, I don't miss at all.

But that being said, I would commend the current Treasurer to read some of the old *Hansards* to gain a better understanding of the kind of accounting that Albertans have become used to expecting. Perhaps the current Treasurer is not aware of the results of the Can We Interest You in an \$11 Billion Decision? brochure contained in the report of the Alberta heritage savings trust fund review committee report entitled Future Directions for Alberta's Heritage Fund. This report was presented to the government March 28, 1995. Of the 27,188 respondents to the survey, over half, 52 percent, of the respondents said: keep the fund for the future; don't use it to pay off the debt or to fund programs.

Maybe the Treasurer is not even aware of the policy paper put out by his predecessor called Alberta Heritage Savings Trust Fund: Into the 21st Century. Now, this paper was put out January 24, 1996. I know the Treasurer has had time to read it. The paper says that heritage funds could be inflation-proofed by retaining a portion of their income. That, I thought, was the direction the government had undertaken.

Maybe the Treasurer has not even consulted with members of the all-party committee on the heritage savings trust fund, which traveled around the province in '94 and '95, about the change in direction for the Alberta heritage savings trust fund as proposed under Bill 1. What does the Member for Lethbridge-West, a member of that committee, think about the changes to the Alberta heritage savings trust fund? What does the Member for Calgary-East think about these changes and the provision in the FRA? Does the Member for Red Deer-South agree with the Treasurer's booga-booga, smoke-and-mirrors, whatever label you want to put on it, approach to the budgeting in the FRA? What about the Member for Lac La Biche-St. Paul? Has approval been sought there for these provisions in the FRA which would fundamentally alter the direction that was adopted by government when the reports were received?

Now, I have come to appreciate the current Treasurer as a supply side economist. I'm sure that he's interested in the economic and fiscal implications of retaining and inflation-proofing amounts in investment income in general revenue to pay for unsustainable, piecemeal tax cuts rather than transferring it to the endowment portfolio of the Alberta heritage savings trust fund. He may be interested in that, but I'm certainly not interested in that. I would suggest that most members of this Assembly aren't interested in that either. It seems to me that the Treasurer has a responsibility to bring forward a coherent and comprehensive package of tax reforms and not these piecemeal ones and certainly shouldn't be bringing forward very politically motivated reforms at the expense of the heritage savings trust fund. It seems to me that the endowment portfolio should continue to benefit from inflation-proofing, and I just can't understand why the Treasurer would think otherwise.

Now, I've heard the argument that the reason why we can get away with this this year, Mr. Chairman, is because the deflator this current fiscal period is a negative number. What that means is that basically there's no inflation. So if you've got no inflation, you don't have to inflation-proof anything. It seems to make sense. The

problem is that (a) it's not true and that (b) even if it were true this year, it may not be true in subsequent years over the 25-year life, for example, of the FRA.

Let's say that the Canadian GDP price index or the GDP deflator averages .825 percent in 1999-2000. Now, this is a reasonable assumption based on private-sector forecasts. This means that the inflation-proofing amount would be approximately \$100 million that would not be returned from the general revenue fund to the endowment portfolio of the heritage fund assets. Now, if the \$100 million were spent on the Treasurer's unsustainable, piecemeal tax cuts and there was no immediate feedback in year one from those tax cuts -- remember, what the Treasurer has said is that it would be sort of this trickle-down thing, where if we do tax cuts, we stimulate the economy, and that returns more income to the provincial Treasury -- then the Treasurer would be admitting to Albertans that the heritage savings trust fund would be out \$100 million in assets earning, for example, 6 percent, which is a pretty prudent forecast, or \$6 million in immediate feedback per year. Six million dollars lost through a \$6 million erosion right there.

Again, Mr. Chairman, the only possible explanation I can find in my mind for the Treasurer wanting to do this is that he figures he's going to need the money, that \$100 million in this example, to balance the budget and to meet the government's other obligations. Now, I've been doing some counting, and so far the government has obligated itself to some \$10 billion in new spending over the next business planning cycle. If that's the case -- and the Treasurer, I'm sure, has the benefit of many experts and many analysts providing him with information, not to mention the presentation by Dr. Boothe just the other day -- then he must be getting pretty worried about his ability to deliver on the Premier's promises on the fiscal side.

Now, what impact would using the inflation-proofing amount to pay for the Treasurer's unsustainable tax cuts have on the province's net financial position? Well, for example, the total financial assets would be \$100 million less in 1999-2000 since the funds were used to pay for unsustainable, piecemeal tax cuts. On a consolidated basis this would increase the province's net debt in 1999-2000 by \$100 million. How interesting indeed and how ironic it would be to see the Treasurer use the provisions of Bill 1 in 1999-2000 to violate the provisions of the Balanced Budget and Debt Retirement Act. For a government that, as I said, has staked out such a huge piece of political territory on debt retirement, I find it delightfully ironic that we could see the current bill before us used to violate the piece of legislation that this government has so proudly hung its hat on.

So, Mr. Chairman, I would suggest that the attack on the heritage savings trust fund is unwarranted, unless of course it signals this fear that the Treasurer simply can't deliver a balanced budget and the spending commitments of government. If that's the case, then I guess we'll get a lot more insight into that on March 11, when the Provincial Treasurer tables the budget. In the meantime, we're faced with committee stage of Bill 1.

The prudent thing to do would be to eliminate this attack on the heritage savings trust fund in that act. I'm assuming, based on the government's response to my previous two amendments, that they're bound and determined to rush this bill through and get it into law. Well, that being the case, there's nothing to stop the government from coming back and openly seizing assets from the heritage savings trust fund by amendment if they really need it. Let's not give them the keys to the piggy bank quite yet.

THE CHAIRMAN: The hon. Member for Medicine Hat.

MR. RENNER: Thank you, Mr. Chairman. I listened intently to the comments made by the hon. member, and frankly I think that to a

large extent he answered his own questions in some of the comments that he made.

First of all, let's be very clear that this clause does not in any way allow the assets of the heritage fund to be depleted. What it deals with is the inflation-proofing portion that flows back into the heritage fund each year. I guess it all gets down to what we've talked about, what the theme of the Speech from the Throne is all about, and what I'm sure the Provincial Treasurer will be talking about when he tables his budget. It's striking the right balance and establishing some priorities.

So when we're looking at long-term planning and we talk about the volatility of the economy, the member has already referred to it: where are the priorities? Are the priorities on increasing the assets in the heritage fund or on paying the bills in health and education and the priority service areas of the government? I think it really just comes down to making that fundamental decision and striking the right balance.

Again, I choose to disagree with the member.

[Motion on amendment A3 lost]

9:20

THE CHAIRMAN: The hon. Member for Edmonton-Glenora. [interjections]

MR. SAPERS: The members of Executive Council are cheering me on, Mr. Chairman.

Well, I am surprised and profoundly disappointed, though, because just earlier this evening many members that are present in the Chamber tonight attended an industry-sponsored reception and dinner with the Insurance Bureau of Canada, and there was a lot of talk in the room about bipartisan and nonpartisan co-operation. I guess it's talk, Mr. Chairman.

DR. WEST: I wasn't there, so you don't have to worry about that.

MR. SAPERS: The Minister of Energy wants it on record that he wasn't there and he doesn't support that. Happy to put that on the record for you, Mr. Minister. But you know, it's no surprise to anyone. I don't know whether you're complaining or bragging, Mr. Minister, but that's okay.

Mr. Chairman, when it comes to my next amendment, I think it's very important to again remind the Chamber that this government has made a lot of noise about reporting, has many times talked about having the most open and transparent accounts in the dominion, made claim of having the most comprehensive public accounts and the most open and transparent process. We could argue whether that's more illusion than truth, but the fact is that the government makes the claims. Alberta actually has gone a great distance to opening up its financial secrets to the taxpayers of the province, and I will certainly give the government credit for the movement they have made, because it was long overdue and they've gone in the right direction.

In that spirit, I would like to propose amendment A4, and I will pause momentarily while it is being circulated.

THE CHAIRMAN: Edmonton-Glenora.

MR. SAPERS: Thank you, Mr. Chairman. I would like to move amendment A4 to Bill 1, as follows. Section 7 is amended by striking out "and" at the end of clause (a), by adding "and" at the end of clause (b), and by adding the following after clause (b):

(c) The report referred to in clause (a) shall contain the following:

- (i) a forecast consolidated statement of assets, liabilities and accumulated debt for the current fiscal year and projections for the following 24 fiscal years;
- (ii) a breakdown of the existing long-term and short-term debt, length of maturity, and any borrowing requirements to refinance debt maturities for the current fiscal year and projections for the following 24 fiscal years;
- (iii) a forecast of the assumptions underlying the debt elimination schedule, including foreign exchange rates, consumer price index, real and nominal gross domestic product growth per year for the current fiscal year and the following 24 fiscal years, and any other assumptions that the Provincial Treasurer may consider appropriate.

This is an amendment that's equally straightforward to the previous one. It obligates the government to a certain form and style of reporting. It makes the government's words of accountability seem more true and lively, and I believe it would be a great assistance to the Treasurer if this particular performance measure were codified in the law. We would all know whether or not the Treasurer was able to do what he said he was going to do. We'd have a report of a standard form that we could compare year after year. It would give Albertans some certainty of what to expect, and certainly, Mr. Chairman, it would provide us a base to measure performance against when it comes to debt elimination in the province of Alberta.

The purpose of this amendment is to ensure that consistent and rigorous reporting requirements are adhered to by the government so that Albertans are able to get a complete picture of progress made towards the reduction of the accumulated debt. Now, that's the reason for the bill in the first place, but without clear and consistent reporting it makes you wonder just how serious the government is about the stated intent of Bill 1.

The components of the reporting would include a forecast of assets, liabilities, and the accumulated debt for the current fiscal year and the following 24 fiscal years. Now, this may sound like a long period, Mr. Chairman, but of course it's again consistent with the act, which calls for a 25-year pay-down. A breakdown of short-term and long-term debt, length of maturity, refinancing requirements, and a forecast of the economic assumptions underlying the debt elimination schedule are all to be included.

Mr. Chairman, you know, if we were so fortunate as to get way ahead of schedule, like we are under the Balanced Budget and Debt Retirement Act, it would be entirely possible for the government to repeal this. I'm not saying that a report should be generated every year for the next 25 years just because I want a report. As long as the government is moving along in terms of paying off this debt, with all of the other legislative provisions in this act it seems to me only responsible to include consistent reporting as part of the routine, and not reporting they can change at the whim of a Treasurer or an order in council or a different Premier of the province. It seems to me that we should, if we're going to try to put in place a law and we're going to hold our own feet to the fire, so to speak, in terms of living up to the letter of that law, it should be clear what the reporting requirements are.

So I'm not going to be so naive as to think that this amendment will meet any other fate than the previous three, but Mr. Chairman, it seems to me that once again what we're seeing is the absolute partisan resistance of government to take the benefit of any reasonable ideas coming from the opposition.

Now, I am pleased that the government whip, the Member for Medicine Hat, is at least participating in debate. All too often the experience I have as a member of the opposition proposing reasonable amendments to legislation is that they're met with deafening silence. So I do commend the Member for Medicine Hat for at least rising and speaking and putting on record what I'm only assuming

passes for the government's response. I guess the process in this Chamber is far from perfect and could be enhanced with a much less partisan response to reasonable amendments to a bill that is supposed to be the government's flagship. I don't think any one government member would claim sovereignty on insight into the best ways to deal with debt retirement. It seems to me that we've got governments of all stripes pursuing that goal, and this government should open up its eyes and its ears and try to benefit from some of the insights of others.

9:30

THE CHAIRMAN: The hon. Member for Medicine Hat.

MR. RENNER: Thank you, Mr. Chairman. Let me make something clear at the outset. My comments tonight do not reflect the comments as a spokesperson on behalf of government. Speaking from the heart as an individual member of this Assembly, as I'm sure that member is reflecting his personal opinions, I do not pretend to be speaking on behalf of government. But I do have a right as a member of this Assembly to speak on the bills, and I appreciate the fact that the member has acknowledged that I'm taking serious consideration of his amendment.

This particular amendment, Mr. Chairman, I humbly suggest is redundant in a couple of ways. First of all, the forecast that's requested under subsection (i) is largely accommodated through the three-year business plan process that's already in place right now. Beyond that, let's be perfectly honest. I've been in business for a number of years and, sure, you do some long-term projections. You do all kinds of long-term planning, but to go much beyond three years is really not very realistic except in very general terms. I would suggest that the general terms that anyone could reasonably be expected to use are outlined very clearly in section 5 in the bill. So I think section 5 combined with three-year business plans probably meet the requirements and the needs that are outlined by the hon. member.

As for the other information that would be required to be included in reports, I haven't been through it in detail, but I would suggest that most if not all of that information is already included in standard documents that accompany the budget.

[Motion on amendment A4 lost]

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

MR. SAPERS: Thanks, Mr. Chairman. [interjections] I'm trying to save the taxpayers, Mary. Well, it's always reassuring to know that I have the undivided attention of government members when I stand to speak.

Anyway, the quest continues, Mr. Chairman, and I have yet another proposed amendment to rescue Bill 1 and make it into a better piece of legislation. However, with the previous four amendments failing -- well, hope may spring eternal. I must say that I'm not really confident about the fate of this amendment, nor am I about the integrity of the bill.

I'll just take my seat while it's being distributed, Mr. Chairman.

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

MR. SAPERS: Thanks, Mr. Chairman. Amendment A5 I think is now being circulated, and I would like to move it. It reads that Bill 1 be amended as follows. Section 5 is amended by renumbering it as section 5(1) and by adding the following after subsection (1):

(2) If the accumulated debt is not reduced in accordance with

subsection (1), then the amount payable to each member of the Executive Council as remuneration for service as a member of the Executive Council shall be reduced by 20% for the 12 month period commencing on April 1 of the fiscal year immediately following the fiscal year that the Government failed to comply with subsection (1).

Mr. Chairman, this is the penalty section. [interjection] I see. That's right. Most members of Executive Council and maybe the Member for Medicine Hat will be challenged to be the first to their feet to speak to this motion.

The rhetorical question from the minister of advanced education is: will members of Executive Council get a bonus if they actually reduce the debt? I would say, Mr. Chairman, that the bonus would come to Albertans if members of the Executive Council provided fair, balanced, and reasonable government. They shouldn't be looking for any bonuses for doing simply what is expected of them but may in fact be concerned about a penalty, and this penalty is not one that would happen at the ballot box but would happen before Albertans had a chance to express their displeasure.

The purpose of this amendment is to strengthen the enforcement provisions of the FRA by ensuring there are real, meaningful, and quantifiable penalties for failing to meet the terms and conditions of the act. In essence, the amendment would reduce the salaries of members of Executive Council, cabinet ministers, by one-fifth, by 20 percent, in a year subsequent to that year in which they fail to meet the debt elimination milestone set out in Bill 1.

You know, Mr. Chairman, this sort of falls into line with the old adage of putting your money where your mouth is. It's very frustrating to me that we're even dealing with such a piece of legislation as Bill 1 because we all know -- and this government's already done it. They've repealed other debt control/balanced budget acts before. They could repeal this one. They can play all kinds of games with the heritage savings trust fund, with the 25 percent that could be used for program spending or debt reduction, with the new 3 and a half percent economic cushion.

So, Mr. Chairman, with all the loopholes and back doors and with all the potential for a subsequent act of the Legislature to totally wipe out this act of the Legislature, it would at least make it tougher and more difficult to explain to taxpayers why such actions were taking place if there were a real penalty section. Imagine the outrage of taxpayers if this government, after failing to meet a target because of poor management, then repealed the act. Imagine the outrage if in repealing the act they removed the penalty. I think the political consequence of that would be severe. Therefore, in terms of holding the government accountable for this piece of legislation they seem bound and determined to proceed with unaided by helpful amendments, I would suggest that they insert a penalty section.

The penalty provisions specified through this amendment are similar to that contained in The Balanced Budget, Debt Retirement and Taxpayer Protection Act in the province of Manitoba. Now, this was introduced and passed in 1995 by a Conservative treasurer. Not that I want to be more partisan than necessary about it, but if they don't want to take advice from me, Mr. Chairman, they may want to take advice from one of their cousin Conservatives in a neighbouring province, just to show that this doesn't have a Liberal twinge to it. It has a commonsense twinge to it. [interjection] Well, yeah. Not all these Conservatives in Manitoba. It's not the same province.

Now, since the Provincial Treasurer in Alberta is such a reasonable person -- and he also apparently has tremendous personal insight, because he's acknowledged that one of the reasons for Bill 1 is that he can't be trusted; he can't trust himself to pay down the debt without this legislation. This amendment would ensure that he has some incentive to adhere to the accumulated debt milestones set

out in the act. Now, I know that this Treasurer is also outspoken about law and order issues and seems to believe in punitive response to wrongdoing. So given his predilection for that and given his previous statements that the reason we need Bill 1 is because the government can't be trusted without it, I would suggest that he put some teeth into his statement and make a penalty in the act real and meaningful to him and his colleagues. I imagine cabinet meetings would be just a little bit more lively, Mr. Chairman.

9:40

We know that the Provincial Treasurer is probably sympathetic to reducing ministerial salaries to ensure that the terms and conditions of his fiscal legislation are adhered to. The reason why we have this suspicion, Mr. Chairman, is because on March 11, 1998, in response to a question asking for a penalty clause for ministers if the government ran a deficit -- and this is found in *Alberta Hansard* on page 819 -- the Treasurer said:

I think it's part of the democratic process, and it would be something we should certainly discuss among our caucus members . . . On an immediate basis I think that's a good discussion point, and I'd be happy to entertain that in caucus.

Mr. Chairman, I haven't attended any government caucus meetings, and it seems to me that members of government caucus, in keeping with caucus secrecy and solidarity, haven't shared with me any of the discussions that have been held behind those closed doors. But aside from the inner workings of the government caucus -- you know, Albertans are being told to rely more and more on those meetings that are shrouded in secrecy, because the Premier has often said, most recently just today, that these matters be brought to caucus. I'm always amazed that he doesn't say that these matters will be brought to the Legislature. I just find it fascinating that the Premier is so easy to dismiss two other political parties and all the people that supported him in this province as having no legitimate reason to be consulted when it comes to significant policy change in the province of Alberta.

But if the Premier is content to only drink his own bathwater, as it were, to only have these discussions amongst himself and those people who must support him, then that's fine, Mr. Chairman. I guess that is up to the Premier, and the people of Alberta can be the judge of whether they think that's a fair, reasonable, and prudent practice. I'm pretty confident that they don't think it is, and I guess we'll find out one day.

In any case, the Treasurer is on record in *Hansard* saying that he thinks a penalty provision is reasonable and that he would bring it to caucus. I don't know whether he brought it to caucus and it was eliminated. Maybe somebody who was at that secret meeting can stand up and put it on the record that in fact the Treasurer made his pitch, asked for a penalty section, and the rest of the members of Executive Council or maybe some of the backbenchers who hope to be members of Executive Council one day shouted it down and said: "No, no, no. We don't want to put a penalty in. My goodness, what would happen if we actually failed to meet the target? We just got back the 5 percent. We don't want to be at risk of losing 20 percent." I mean, I can just hear some of the echoes and shrieks that may have come out of that discussion.

So without being privy to the debate that would have happened in caucus and without even knowing for sure whether that debate happened, I can only rely on what I hear in the public domain, and that is the Treasurer's own words suggesting that a penalty provision in a debt retirement act would be a good idea.

With that, Mr. Chairman, I have to say that it's not usual for the Treasurer and I to agree, but it seems to be the case here, and I would anxiously await the vote of this committee on amendment A5.

THE CHAIRMAN: The hon. Member for Medicine Hat.

MR. RENNER: I'll be extremely brief. Let me just suggest to the hon. member that by having five-year targets and benchmarks as are already in section 5, five years somewhat coincidentally occurs about the same time as general elections. I might suggest to the member that the ultimate penalty is decided by the people of Alberta, and it's not a 20 percent cut; it's a 100 percent cut. I'm sure that the opposition would be more than pleased to remind taxpayers of Alberta if the government does not meet their projected targets.

[Motion on amendment A5 lost]

[The clauses of Bill 1 agreed to]

[Title and preamble agreed to]

THE CHAIRMAN: Shall the bill be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Opposed? Carried.

Bill 2

Dairy Industry Act

THE CHAIRMAN: The hon. Member for Leduc. Comments, amendments, questions?

MR. KLAPSTEIN: Thank you, Mr. Chairman. In making comments on Bill 2 in committee, as one ex-dairyman to another, I'd like to thank the Member for Lethbridge-East for his comments in second reading. There was extensive consultation in preparation of this bill, and I think it actively reflects the wishes of the dairy industry.

Those are all the comments I have at this time.

THE CHAIRMAN: The hon. Member for Lethbridge-East.

DR. NICOL: Thank you, Mr. Chairman. As we said before, this bill has been built around consultation with the people in the dairy industry. I guess, as we made comment in second reading, there's probably only one shortfall in the bill, and that is that when the regulations are all developed at the end, they're not brought to the committee. So with the permission of the House, I'd like to submit an amendment that would have the regulations appear before the appropriate committee. We'll just let those be circulated for a minute.

I'd like to move amendment A1 that's been distributed. Mr. Chairman, this amendment to Bill 2 will basically provide a situation where as the industry sees a need for a change in regulation, it sees a need for some kind of modification to the current bundle of regulations that are associated with the operation of the dairy act, what it will do is provide a final chance for the industry to get a look at the regulations before they're actually brought into law.

If they're before the Standing Committee of the Legislative Assembly on Law and Regulations, they'll be out in a public debate format so that the industry can say: "Yes, that is exactly what we were consulted on. That's exactly what we agreed to when we were dealing with potential changes in the regulations, and we like it. Let's go ahead with it." So it's just a kind of final check, a final clearinghouse with the industry saying: here they are in public; this is what we're voting on. It will give them a chance to react to that.

9:50

This is important in the sense that the process of developing legislation has to be interactive. It has to be in a situation where the individuals who are going to be under those regulations, especially in this case, where we're dealing with a group of operators that have to live by the strict rule of these regulations in the context of their daily operation of the dairy industry, no matter whether it's a producer, processor, or others -- they'll want to know that, yes, these have been vetted in a public way and that they're coming out in concurrence with their negotiations.

On that basis, Mr. Chairman, I think it would be really important that we put this last clearing process into place for the members of the dairy industry so that they can just say in a public way, "Yes, these are the regulatory changes we want," and it's done through the legislative process which they elected their representatives to carry out.

So on that basis, Mr. Chairman, I think it would be really important that we have support for this in the context of this piece of legislation.

THE CHAIRMAN: The hon. Member for Calgary-Buffalo on amendment A1.

MR. DICKSON: Mr. Chairman, I've been warming my seat here for the evening and watching these bills going by. I've been fascinated by the scintillating debate we've heard, but I'm moved to rise on this one.

When we see this amendment, it's like an old friend coming back after a couple of months with the House not sitting. You know, when I look at this amendment, I'm just struck by the simplicity, the beauty of it and the magnificent eloquence of an idea that is long past due. I think what happens is that just as progress is often measured incrementally -- as an elected Liberal in Calgary we just measure success in smaller increments, similarly with Law and Regulations. We see the awareness starting to build throughout the Chamber. I see members now nodding and also viewing this as a bit of an old friend as the amendment is distributed. I think there are members sitting there saying: you know, if we were to take the aggregate amount of time spent on this amendment, think how much could be recaptured if the government were to accept one of these amendments, put it to the test.

We could be out a month earlier, Mr. Chairman. If we go through 35 bills and at least half of them have regulation lawmaking power that has to be addressed and strengthened in the way that our colleague from Lethbridge-East is proposing, we'd be able to hugely economize on the time in the Legislature. On the other hand, to the extent that the important message shared with us by the Member for Lethbridge-East has not excited every member in the Assembly, it looks like we're going to have to continue to reinforce the message. We're going to have to try and be more creative in terms of finding ways to make the exciting elements of this truly jump off the page for every member in the Assembly.

I just say: what are we so worried about? Why is it that we wouldn't want this standing committee with a huge, nay, overpowering government majority to be able to have a look at these draft regulations before they become law. It's such a straightforward proposition. I've looked carefully at the list of the opposition members on that committee, and to a man or to a woman they are reasonable people. I think it would be a terrific experience for the government members on that committee to work with their opposition colleagues in terms of ensuring that regulations are consistent with the delegated authority in this act, that regulations are necessarily incidental to the purpose of the act, and that the regulations are reasonable in terms of efficiently achieving the objective of the act.

My colleague from Lethbridge-East has spoken to the specific industry, the dairy industry, that aspect, but I just wanted to join with him in making a bit of a plea, a supplementary comment to members to search into the depths of their hearts and souls and see if this wouldn't be a big, big step in terms of making the Legislature more responsive to the people, the men and women we represent. I think that when all is said and done, there's only one way the public interest can adequately be represented in this province, and I think it's by this kind of all-party exercise.

It's the first time this amendment has come in in the Third Session, the spring session of the Legislature. I sure hope, Mr. Chairman, that we're not going to have to go through this same amendment on bill after bill after bill. We've got a chance to be able to expedite the process tonight. We have a chance to do that. All it takes is one brief affirmative vote. I'm not going to suggest that there be a standing vote. I think people from the relative anonymity of their seats in the second and third rows can -- they may choose not to say very much. They may be persuaded by the robust yeas from the opposition side. I just encourage members: let's give this a try. We have nothing to lose. You have nothing to lose, and Albertans have absolutely everything to gain.

Thank you, Mr. Chairman.

THE CHAIRMAN: The hon. Member for Medicine Hat.

MR. RENNER: Thank you, Mr. Chairman. My comments will be brief. As the Member for Calgary-Buffalo indicated, this amendment has been before the House in various forms numerous times before. I've heard the member speak eloquently about it numerous times before. I have spoken not so eloquently but in opposition to it numerous times before. So I'll save the House's time and not go through the whole thing again.

What I would like to point out -- and the Member for Leduc asked me in a conversation that we had to mention it. In this particular case there was broad-based consultation in the development of the bill. That same broad-based consultation is presently taking place with respect to the development of the regulations. I think the dairy industry can be confident that to the same degree there was broad-based consultation in the development of the bill, that same care will take place with respect to the regulations.

Unfortunately, because I am also getting tired of hearing the same presentation, for the first time this session I once again will have to disagree and vote against this amendment.

THE CHAIRMAN: The hon. Member for Lethbridge-East.

DR. NICOL: Thank you, Mr. Chairman. In response to the comments of the Member for Medicine Hat, what we're finding is that even in conversations with the people in the dairy industry, they support the idea of having their regulations reviewed by the Law and Regulations Committee even though there is a broad-based consultation out there. They just would like to have one final chance to look at it.

[Motion on amendment lost]

THE CHAIRMAN: The hon. Member for Lethbridge-East.

DR. NICOL: Thank you, Mr. Chairman. Just on that basis then, I think this is a bill that is going to reflect the new attitude of the dairy industry. It's going to provide the dairy industry with the new guidelines they have been seeking in terms of the operation of their industry, and I think we should all support it.

Thank you, Mr. Chairman.

[The clauses of Bill 2 agreed to]

[Title and preamble agreed to]

THE CHAIRMAN: Shall the bill be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Opposed?
Carried.

10:00

Bill 3
Agriculture Financial Services
Amendment Act, 1999

THE CHAIRMAN: The hon. Member for Innisfail-Sylvan Lake.

MR. SEVERTSON: Thank you, Mr. Chairman. I'll just make a brief comment with reference to Bill 3. The intention is to enable AFSC to market its expertise to reduce for Alberta's taxpayers the administration costs of AFSC and also to enable them to go outside the province and outside the country to sell their expertise. When the corporation sells its expertise as provided for in Bill 3, sales will take place only if the private sector is not in the business of selling that particular service. That was one of the questions the Member for Lethbridge-East mentioned.

Another area that he brought attention to in second reading was the current lien on grain, not the proceeds from the sale of that grain. Some grain companies either forgot about or ignored the lien and did not forward the proceeds of the grain sales to AFSC as required by the lien. The proposed change in this act will enable AFSC to take collective action against the grain company for the proceeds of these grain sales.

The other aspect of the amendment is to allow AFSC to get into commercial lending, to act as a broker for various lending institutions. With that, the other lending institutions take most of the risk and AFSC provides the catalyst to put the loans together for value-added areas in agriculture. So this amendment allows that to happen.

With that, I'll close.

THE CHAIRMAN: Are there any comments, questions, or amendments? The hon. Member for Lethbridge-East.

DR. NICOL: Thank you, Mr. Chairman. Even with the comments now made by the Member for Innisfail-Sylvan Lake, as the Agriculture Financial Services gets involved in the potential for commercial operation, it's hard to imagine anything they could get involved in that would not or could not be provided by a private-sector operator, you know, the design and the management of programs. There are agricultural industry firms out there that could very easily handle almost all of them.

[Mr. Shariff in the chair]

The example we've heard provided in the debate on this bill is the fact that AFS is doing some administrative management for the province of British Columbia in context with their farm income disaster program for the north agricultural areas. Well, there are other firms out there that could easily do that subsequent management.

I think the thing we have to make sure of is that as AFS gets involved in this kind of commercial operation, they do not in any

way trigger an adverse reaction from private industry. We've got to give the private industry a chance to bid on these, to take an active role in providing the management and the administrative support to the industry.

Also, as they get involved in dealing with international consulting projects, the references we've had to their potential work in Mexico or in Chile, there are a number of international agencies that are providing that same kind of program development support. We've got to be careful we're making sure that the overhead we're charging is sufficient to cover the appropriate administrative overhead of Ag Financial Services. We don't want any kind of challenge in an international way under the World Trade Organization that would say we are providing a subsidy in competition to the free market operators who would potentially be bidding against AFS.

I think that as Ag Financial Services enters into this, they've got to have a very open, a very transparent way of putting in place an accounting to cover their overhead associated with these bids they're making, these contracts they're potentially signing so that everybody feels comfortable, that we as taxpayers in Alberta are not subsidizing a branch or an arm's-length agency of the government in its competition with the private sector in these international markets.

With those continued cautions, I think this bill is effectively going to provide a better structure for AFS, a degree of autonomy and ability for them to develop some expertise that will fall back and give us a benefit in Alberta because of their experience in these areas. Also it'll give us a means to potentially dilute the overhead charges in the context of the programs that we in Alberta are providing. So I would hope everybody supports the bill.

Thank you, Mr. Chairman.

[Title and preamble agreed to]

[The clauses of Bill 3 agreed to]

THE ACTING CHAIRMAN: Shall the bill be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE ACTING CHAIRMAN: Opposed? Carried.

Bill 5
Surveys Amendment Act, 1999

THE ACTING CHAIRMAN: The hon. Member for Edmonton-Beverly-Clareview.

MR. YANKOWSKY: Thank you, Mr. Chairman. Some members, specifically Edmonton-Norwood, Edmonton-Riverview, and Calgary-Buffalo, raised questions regarding some of the contents of Bill 5, the Surveys Amendment Act. I want to take just a few moments to answer those questions. Some of them were similar, so I'm just going to bunch them together and answer them as one, and then I will listen to any further comments that may be forthcoming and move acceptance of Bill 5 in Committee of the Whole.

Mr. Chairman, Edmonton-Calder was the first speaker, and even though he chastised me for not briefing the opposition regarding the contents of Bill 5, he ended up by saying some very nice things about the bill, like: the bill "sounds delightful" and "there's nothing in the bill that doesn't meet the high standards of a complete approval." [interjection] You said that.

The next speaker was Calgary-Buffalo who also had some comments as well as questions, and the first question that he had

was: will the ministerial order which sets the cadastral mapping fee be subject to the Alberta Regulations Act? The answer is: yes, the ministerial order will be filed as a regulation subject to the Alberta Regulations Act.

[Mr. Tannas in the chair]

Then he had another question. Who will prescribe the form noted in section 10 of the amendment act if it is no longer going to be prescribed in the regulations under the Surveys Act? The answer there is that the form referred to in section 10 of the amendment act will be added to the regulations under the Land Titles Act.

10:10

Then we had a question from Edmonton-Norwood. It was regarding: will the fee collected exceed the cost of the service provided? I just want to assure the hon. member that the fee being collected will not exceed the cost of the service provided. In fact, two initiatives will reduce the cost of updating the map by one-half. Spatial Data Warehouse has re-engineered the updating process. The plans of survey will be submitted in digital form. Both initiatives will reduce the costs of updating the map to the proposed fee of \$100 for each plan of survey submitted for registration at the land titles office.

Then Edmonton-Riverview had a couple of questions also. I will answer one. How will the government ensure that advances in digital technology are incorporated into the practices and processes of the survey sector if they don't have the regulation-making power? Will the land titles regulation address that? The answer here again is: yes, the land titles amendment act currently before the Assembly addresses the digital technology issue. The departments of Municipal Affairs and Environmental Protection have been working closely with land surveyors, and effective June 1, 1999, all plans of survey will be required to be submitted in digital form.

Thank you for the support shown for Bill 5. I am pleased to move acceptance of Bill 5 in Committee of the Whole.

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

MR. WHITE: Thank you, Mr. Chairman. I will again not use the word "delightful," but I am delighted that the bill is before us certainly.

Subsequent to the discussions and the presentations of the member opposite that is the sponsor of the bill, I have further questioned

those in the profession, and he's absolutely right that the surveyors have no difficulty with the application of the act. Those that rely on surveys don't have any difficulty with the changes in the act. They do, however, have some reservations about the enforceability. That of course will have to be tested, and there's no other way to do that other than to test it in a court of law as to the authenticity of the application. So this member has no further difficulty with the act and in fact recommends its expedient passage.

Thank you, Mr. Chairman.

[The clauses of Bill 5 agreed to]

[Title and preamble agreed to]

THE CHAIRMAN: Shall the bill be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Opposed? Carried.

The hon. Deputy Government House Leader.

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

[Motion carried]

[The Deputy Speaker in the chair]

MR. SHARIFF: Mr. Speaker, the Committee of the Whole has had under consideration certain bills. The committee reports the following: Bill 13, Bill 1, Bill 2, Bill 3, and Bill 5. I wish to table copies of all amendments considered by the Committee of the Whole on this date for the official records of the Assembly.

THE DEPUTY SPEAKER: Does the Assembly concur in this report?

HON. MEMBERS: Agreed.

THE DEPUTY SPEAKER: Opposed? So ordered.

[At 10:17 p.m. the Assembly adjourned to Thursday at 1:30 p.m.]