

## Legislative Assembly of Alberta

Title: **Tuesday, March 7, 2000**

**8:00 p.m.**

Date: 00/03.07

### head: Committee of Supply

[Mr. Tannas in the chair]

THE CHAIRMAN: Good evening. I wonder if we might call the committee to order. Hon. members of the committee are reminded that we divide immediately into two parts. Subcommittee C will meet here and consider Agriculture, Food and Rural Development, and subcommittee D will meet in room 512 for Innovation and Science estimates.

Would those members who are part of subcommittee D please depart for room 512, and we'll see you at about 10 o'clock in the evening.

[The committee met as subcommittees C and D from 8:01 p.m. to 10:06 p.m.]

THE CHAIRMAN: I would like to call the Committee of Supply to order.

First of all, I'd like to call upon the hon. Member for Wainwright.

MR. FISCHER: Thank you, Mr. Chairman. Subcommittee C of the Committee of Supply has had under consideration certain resolutions of the Department of Agriculture, Food and Rural Development for the fiscal year ending March 31, 2001, reports progress thereon, and requests leave to sit again.

THE CHAIRMAN: Does the committee concur in this report?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Opposed? So ordered.

The hon. Member for Lacombe-Stettler.

MRS. GORDON: Mr. Chairman, subcommittee D of the Committee of Supply has had under consideration certain resolutions of the Department of Innovation and Science for the fiscal year 2000-2001, reports progress thereon, and requests leave to sit again.

THE CHAIRMAN: Does the committee concur in this report?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Opposed? So ordered.

The hon. Deputy Government House Leader.

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

[Motion carried]

[The Deputy Speaker in the chair]

MRS. GORDON: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions of the Department of Agriculture, Food and Rural Development and the Department of Innovation and Science for the fiscal year ending March 31, 2001, reports progress thereon, and requests leave to sit again.

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

HON. MEMBERS: Agreed.

THE DEPUTY SPEAKER: Opposed? So ordered.

head: Government Bills and Orders

head: Committee of the Whole

[Mr. Tannas in the chair]

THE CHAIRMAN: I would call the Committee of the Whole to order.

### Bill 12

#### Appropriation (Supplementary Supply) Act, 2000

THE CHAIRMAN: We'll call on the hon. Provincial Treasurer to begin this evening's deliberations. Hon. Provincial Treasurer, are you prepared to say anything? No? Okay.

MR. SAPERS: This is likely to be the last opportunity that I'll have a chance to speak to the Treasurer in Committee of the Whole. I was expecting him to stand up and have a bit of a speech. I mean, if it's a maiden speech when you start, is it an old-maid speech when you leave? I don't know.

Anyway, Committee of the Whole on Bill 12. We've had a chance to look at the history of this government when it comes to supplementary and interim supply, and there have been some comments made about the degree to which the government has been relying on supplementary and interim supply and the displeasure of the opposition on behalf of Albertans when it comes to the reliance of the government on interim and supplementary supply. Of course, Mr. Chairman, those comments are on the record, and I won't bother to repeat them.

What I would ask is that the Treasurer pay particular attention to three elements of budget planning that I think would help prevent us from being at this particular point again. I'm going to take some time to go over these three elements of what I think would improve the government's budget planning process so that we cease this reliance on interim, out-of-scope, out-of-budget spending. I don't think that that's the best way to be accountable to the taxpayers, whom I hear the Treasurer speak of so often.

10:10

The first point that I want to raise is the creation of an economic and fiscal strategy report. This would be a report that would look at 10 years. A 10-year economic and fiscal strategy report would build a greater element of strategic, long-range planning into the budget process and provide Albertans with an indication of the level of expenses and revenue required to sustain a structural balance over the entire planning period.

[Mrs. Gordon in the chair]

The economic and fiscal strategy report should meet the following objectives: one, specify the government's long-term objectives or principles for fiscal policy, program expenses, budgeted revenues, the consolidated surplus, total accumulated debt, total net debt, assets, et cetera; two, specify the broad strategic priorities for the upcoming budget and the short-term intentions of each of the long-term objectives or principles; three, specify any reasons for departure from the long-term objectives or principles, justification for that departure, or the approach that'll then be taken to become consistent with the time frame for implementation of the approach specified.

MR. DICKSON: Excellent idea.

MR. SAPERS: Thank you very much. I was just beginning, Madam Chairman, to feel like one of those characters that's just sort of speaking to a vacuum and that I could begin to say almost anything and nobody would notice. But I do note that my colleagues are noting the importance of these points, and I know they'll be in *Hansard*, so those members that are present that choose to talk amongst themselves will have a chance to review *Hansard*. Maybe we'll give them an exam in the morning.

MR. DICKSON: We'll take them to their constituents' doorsteps.

MR. SAPERS: That's right. And ask them about them.

The next issue that I want to recommend that the Treasurer take a look at that would help tighten up the budget process so that we don't find ourselves dealing with such a large volume of supplementary and interim supply requests is to implement monthly budget updates and quarterly performance updates. Now, this is not a new recommendation. In fact, I think it's at least the third time I've made this recommendation to this Treasurer. He has this one last opportunity, I guess, to heed the advice.

In order to ensure that the government is able to respond prudently to revenue shocks and to sustain program spending initiatives in strategic areas, a budget update similar to the quarterly budget update would be prepared and released to the public on a monthly basis. This will hold the government more accountable to taxpayers and reduce public cynicism about the size of the actual surplus. Now, I know it tends to suit government's purpose when they can at the end of the fiscal year go abracadabra and look at the size of the surplus, but I don't think it really suits the taxpayers so well to do that, particularly if somewhere along the way the government has been saying: the cupboard is bare, and that's why we have to cut back on spending.

Now, this monthly budget update process would also provide an early-warning signal that the level of program spending may not be sustainable in a particular year and allow for adjustments as required through allocations from the fiscal stabilization fund. Of course, the fiscal stabilization fund is the very first recommendation that this Liberal opposition has for the government, that we get away from these cushions that we build into the budget, call it what it really is, and then use it appropriately, that being the fiscal stabilization fund.

Along with the monthly budget update there should also be quarterly performance reports. Of course, quarterly performance reports would be dependent upon performance measures being real measures that are identifiable and tied to outputs. This would allow Albertans to hold the government accountable for achieving results for the expenditures of their tax dollars.

Now, for an example, Madam Chairman, what I can refer the attention of members of the Assembly to is this current PR campaign surrounding the government's private hospitals initiative. There have been reports published in the media that the government is going to be spending anywhere between \$300,000 and \$3 million on its PR campaign. The government won't tell us what the total bill is, although they did release some figures today that it hovers somewhere around \$900,000 for a component of the campaign. So we know that it's about a million and may be more.

What we don't know is exactly who is paying for it, and when I say "who," of course we know the taxpayer is paying for it, but we don't know which department is spending those dollars on behalf of the taxpayer. Is the million dollars more or less that the government is admitting to all coming out of Health and Wellness? If that's the case, that's great. Then how much of it is coming out of the Public

Affairs Bureau, which is administered by Executive Council, and how much is coming out of perhaps other government offices or even ministers' offices in terms of postage allowances and things like that?

It seems to me that if we tightened up the government reporting process and we looked at monthly updates with real performance measures, Albertans would be able to know the answers to these questions even before the Official Opposition asked them on their behalf. There would be this degree of transparency. Then when the government says, "Look; it's right there; it's in the published audited statements; it's in the monthly updates; we're not hiding anything," we could actually believe them, Madam Chairman.

The Premier promised Albertans on February 4, 1999, that his government would provide more detailed reporting on deeds, not just dollars, yet the list of so-called accomplishments released by the government three days after the 1999-2000 first-quarter budget update was nothing more than a distillation of government news releases since April 1999. I'll add that that list didn't even come out until the Official Opposition asked the government to match its words with deeds and in fact produce some results. I think the government had actually forgotten about the promise the Premier made, and not wanting to make the Premier appear to have been telling an untruth, the press release was rushed into production and we got this list on government's so-called accomplishments.

I'll further note that after the second-quarter budget update there was a presentation of what is called an activity report, but there was nothing relating those activities to outcomes and outputs. So, Madam Chairman, what we have is once again an example of the government saying one thing and doing something else. I think I've made note that it's a very poor legacy for a government to be known for the gap between its words and deeds.

[Mr. Tannas in the chair]

Now, the third major recommendation I have to the Provincial Treasurer in regard to tightening up his budgeting process is the utilization of independent projections of revenues. The Treasurer talked over the last couple of days about his reliance on experts. He mentioned the Liberals and our projections and how different analysts peg things like the price of a barrel of oil or where interest rates or exchange rates would be. Of course, we believe that the government should rely heavily on the advice of experts, and we are somewhat taken aback when they get the advice and then they ignore it.

One of the major weaknesses of the current budget planning process is the large differential between estimated budget revenues and actual revenues achieved at the end of the fiscal year. Some of the differential can be explained by the variability of the province's revenue base in such areas as Crown leases, corporate income taxes, and crude oil royalties. However, there is an increase in criticism that the government is deliberately underestimating revenues in order to reduce expectations for increased spending.

Now, I will note again that even if we look at Budget 2000, this Bold Plans document, it's more of the same old stuff when it comes to lowballing projections for expected revenues, and the lowballing isn't just in the commodity prices. I submit it's also in the areas of income taxes, fees from premiums and licences, and also when it comes to gaming revenue. If it's not a purposeful strategy to lowball, then I guess I would ask the Treasurer to get new batteries for his calculator or something, because the degree of error seems to be growing year by year. Again I would say that it does a disservice to taxpayers.

In order to ensure that revenue forecasting is not conducted on the

basis of political considerations, it's proposed that a firm such as the WEFA Group or perhaps DRI/McGraw-Hill provide an independent assessment of revenues. The independent assessments would appear in the annual budget and in the monthly budget updates. This would ensure that the sustainability of program spending could be reevaluated on a continual basis.

10:20

Now, Mr. Chairman, those are the major areas of advice that I have for the Treasurer. When we were speaking about Bill 12 in second reading, I concluded my comments by suggesting that perhaps one of the issues we need to take a look at as well is this whole budget review process. I would submit that the more time we spend on budget review with an honest exchange of questions and answers, where members of Executive Council take seriously their responsibility to account to Albertans through the Official Opposition in terms of the questions we ask on the budget, this too would minimize the amount of supplementary requests. I think every member of Executive Council if they were being honest and fair would say that they have been assisted in the discharge of their duties by a critic who does their job well. When questions are raised about priorities, about performance measures, about spending targets, even when errors are identified that departmental staff have missed – and there have been several examples of those – I believe that it has been helpful, I believe that it has been in the best interests of Albertans, that it has served the public good.

What we are faced with instead – and we had another example of it just tonight, Mr. Chairman – is a budget process that does not allow for an open exchange. In fact, it's a budget process that is very stifling. It's a budget examination process that splits members of this Assembly into committees and then subcommittees that would require that people be in two places at the same time. Even when you get to those two places at the same time, what happens is an imposition of rules that really don't exist: arbitrary time limits, sort of make-it-up-as-you-go rules of debate, and in fact an ad hockery that does not serve us well as legislators at all.

So when we're faced with this inability to fulfill our duties in terms of examining the budget in a detailed way and in a responsible way, I think one of the outcomes is more bills like Bill 12, interim or in this case supplementary supply. I would argue, on top of everything else I've said about Bill 12 and with the advice I've already provided the Treasurer, that I think we have to seriously re-

examine this budget review process so that it can truly serve the public interest and not just simply the expedient needs of some members who really don't see much value in the process. I could speculate which side of the House those members sit on, Mr. Chairman, but that would perhaps be unfair, because we've agreed that we're not going to have a lengthy and a prolonged debate at committee on Bill 12, and I don't want to provoke that at this time.

But this budget review process has to be changed. It has to be reviewed, and it has to be made to work better. Thank you.

[The clauses of Bill 12 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. HAVELOCK: I move the committee do now rise and report, Mr. Chairman.

[Motion carried]

[The Deputy Speaker in the chair]

THE DEPUTY SPEAKER: The hon. Member for Lacombe-Stettler.

MRS. GORDON: Mr. Speaker, the Committee of the Whole has had under consideration and reports Bill 12.

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

HON. MEMBERS: Agreed.

THE DEPUTY SPEAKER: Opposed? So ordered.

[At 10:27 p.m. the Assembly adjourned to Wednesday at 1:30 p.m.]

