

**LEGISLATIVE ASSEMBLY OF ALBERTA**head: **INTRODUCTION OF BILLS**Title: **Friday, August 8, 1986 10:00 a.m.****Bill 23****Natural Gas Marketing Act**

[The House met at 10 a.m.]

**PRAYERS**

[Mr. Speaker in the Chair]

MR. GOGO: Mr. Speaker, I rise on a point of order. I learned just last evening of the death of Mrs. Carter's mother. On behalf of members of the Assembly, I would offer to both yourself and Mrs. Carter the sincere condolences of members of this House.

head: **INTRODUCTION OF VISITORS**

MR. HORSMAN: Mr. Speaker, I'm pleased to introduce to you and to members of the Assembly a guest who is seated in your gallery. Our distinguished guest today is the Minister of Justice and Attorney General from our sister province to the east, the province of Saskatchewan, Sid Dutchak. Will the members please welcome our distinguished visitor to our Assembly.

head: **NOTICES OF MOTIONS**

MR. CRAWFORD: Mr. Speaker, I would like to give notice of a motion which, if unanimously agreed to by the Assembly, I would now move. The motion would be:

When the Legislative Assembly adjourns on Monday, August 11, 1986, it shall stand adjourned until 3 p.m. on Tuesday, August 2.

If I might speak to it now, having spoken to the House leaders, Mr. Speaker, the purpose would be because members of the government and the opposition are attending a luncheon on that day in connection with the Premiers' Conference. My understanding is that all members would appreciate the extra half hour.

MR. SPEAKER: Does the House first give unanimous consent to the consideration of the motion?

HON. MEMBERS: Agreed.

[Motion carried]

MR. CRAWFORD: Mr. Speaker, I wonder if it's necessary for me to formally move the motion in respect to which consent has been given. I so move.

MR. SPEAKER: The Chair appreciates the additional direction of the Government House Leader. However, I believe we did indeed pass the motion. Thank you.

DR. WEBBER: Mr. Speaker, I beg leave to introduce Bill 23, the Natural Gas Marketing Act.

Mr. Speaker, this Act basically sets a framework for pricing and marketing after so-called deregulation, whether it be November 1, 1986, or later. There are four parts to the Bill. The First part outlines the role of the Alberta Petroleum Marketing Commission in the determination of costs incurred by major shippers within Alberta. The second part requires shippers who purchase gas from producers on a pooled netback basis to demonstrate to the Petroleum Marketing Commission, in accordance with regulations, that they have producer support for the price at which they resell gas under each wholesale contract. The third part allows price arbitration under certain gas contracts. The fourth part enables the Alberta Petroleum Marketing Commission to gather information related to natural gas.

[Leave granted; Bill 23 read a first time]

**Bill 24****Arbitration Amendment Act, 1986**

DR. WEBBER: Mr. Speaker, I beg leave to introduce Bill 24, the Arbitration Amendment Act, 1986.

Mr. Speaker, the amendments in this Act are required to meet commitments undertaken by Alberta as outlined in section 15 of the 1985 natural gas pricing and marketing agreement. This new Bill allows the arbitrator to take into account whatever matters he deems relevant to the extent evidence is put forward by the parties to the contract. He must have regard for the price of alternative fuels, the price of competing natural gas supplies, and the value of the contracted gas if it were sold in alternative markets. The Bill also allows parties to contract their way out of all or part of the Act's provisions. A previous section in the Act now being repealed prohibited parties from contracting out of the Act.

[Leave granted; Bill 24 read a first time]

head: **TABLING RETURNS AND REPORTS**

MR. RUSSELL: Mr. Speaker, I beg leave to table the annual report of Keyano College for the year '84-85.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. MARTIN: Mr. Speaker, I'd like to introduce to you and members of the Assembly a former colleague of mine, Irene Glenn, from Salisbury high school in Sherwood Park. She's accompanied by her daughter from Surrey, England. Her daughter's name is Chris Underhay. Also with her are two grand children, Laura and Gillian, 11 and 8. I might point out that it's a very happy summer because Laura just passed her 11-plus exams and will be going into Tiffin's girls school, which is a grammar school. They are standing in the public gallery. I would ask the Assembly to give them the traditional warm welcome.

head: **MINISTERIAL STATEMENTS**

**Department of Agriculture**

MRS. CRIPPS: Mr. Speaker, I wish to announce the appointment of the Alberta Agricultural Development Corporation Review Committee, which was a commitment given by this government in the Speech from the Throne on April 3, 1986.

Agriculture credit has become a major concern of the agricultural industry and among individual producers. The committee will review the role and mandate of the Alberta Agricultural Development Corporation. It is expected that through this review a long-term approach can be determined for initiatives that would effectively serve the financial needs of Alberta farmers and agribusinesses.

A series of producer forums will be held throughout the province. I am urging all farm organizations, interested individuals, companies, and agribusinesses having concerns to submit briefs expressing their viewpoint at the public forums. The review may well establish new, innovative mechanisms for financing agricultural credit.

The committee members have been chosen for their business and agriculture experience and knowledge and to be geographically representative of the province. I'm pleased to announce the following appointments: serving as chairman is Mr. Lloyd Quantz, a farmer from Didsbury who has a Master of Science degree in Agriculture Economics from the University of Alberta and is currently the president of the Alberta Institute of Agrologists; Mr. Larry Greer of High Prairie, who holds a Bachelor of Science degree in Agriculture and operates a family farm in the High Prairie area; Mrs. Alice Brown of Kathryn is a farm wife who is active in numerous associations and committees dealing with farm issues and is president of the First Alberta Farm Women's Conference Committee, organized January 1986; Mr. Frank Spanbauer is an irrigation farmer in the Barnwell area, where he has operated a family farm since 1963. He is past president of the Soft Wheat Growers Local District Number 3.

I've also appointed three MLAs, Mr. Speaker: James P. Heron of Stony Plain holds a Master of Business Administration degree from the University of Alberta and has had extensive involvement in the investment and business community; Mr. Brian Downey, MLA for Stettler, has experience in banking as well as operating the family farm in the Castor area; Mr. Doug Cherry, MLA for Lloydminster, has an agricultural background and is a former county councillor.

I'm looking forward to an excellent review of the Agricultural Development Corporation, agricultural financing, and to the recommendations of the committee.\*

MR. MARTIN: Mr. Speaker, in rising to reply to the ministerial statement, we in the Official Opposition certainly welcome a review of ADC, because we've all had many, many complaints about the way ADC has been operating in the past.

I am somewhat surprised, though, that if we're going to have MLAs, we didn't at least have somebody from the opposition side. Whether the government fails to recognize it or not, there are some good ideas on this side, and it would have made the committee. I throw that out as perhaps a suggestion to the hon. minister.

I would hope, though, that in reviewing ADC, if I can make a few suggestions, we take a look at administrative

costs in terms of how much we're lending and how much it costs us to lend that. According to what we used to see, it was much higher than ordinary financial institutions. I would hope they would look at these tough times, and ADC should be acting more compassionately. We are told by many people, especially in the campaign, that they were worse to deal with than the banks. I would say that's not very good for a government agency to be in that. I would also hope they would look at the whole concept of a lender of last resort and whether or not that's still feasible. I expect that would be one of their mandates.

I would also hope they would look at debt adjustment — we've been raising that — rather than just rejecting it. Whether the time has come, at least in a government agency — they could look at debt adjustment. I would also ask the minister to take a look at whether we even need ADC with our Treasury Branches at this particular time. Would not the Treasury Branches, who should know how to lend money, be more appropriate than another government bureaucracy? With those comments, Mr. Speaker, I would hope the minister would take those under advisement.

head: **ORAL QUESTION PERIOD**

**Metis Settlements**

MR. MARTIN: Mr. Speaker, I'd like to direct the first question to the Minister of Municipal Affairs, who is responsible for the native affairs legal unit. I am told the Federation of Metis Settlement Associations provided their brief to the minister some weeks ago so that their meeting with the Premier yesterday could be a working session. They found out that wasn't the case. My question is: why did the minister not brief the Premier so it could be a working session? Why wasn't he at that very important meeting yesterday?

MR. CRAWFORD: Mr. Speaker, I can respond to that, and perhaps the Attorney General would like to add to my response. The answer is that I did receive the brief some few weeks ago. The purpose was in order to examine and analyze it at that time. The association also wanted to make a formal presentation to the Premier at a later date. As I understood it, that was the purpose of the meeting yesterday.

MR. HORSMAN: Could I supplement the answer? With respect to the presentation of the Metis Settlement Associations' material, there will be a thorough review of that proposal undertaken by the legal branch of the Attorney General's department which is responsible for dealing with the legal aspects of native affairs. That brief was received by myself, and I attended the meeting yesterday with the Premier because of my responsibilities in that area.

MR. MARTIN: There seems to be some confusion, because the Metis people that we talked to expected more of a working session.

A supplementary question. Let me go on to the Premier on this matter, Mr. Speaker. What deadline has the Premier set on the Metis' settlement proposal so the matter is hopefully resolved before next year's First Ministers' Conference on aboriginal rights?

MR. GETTY: Mr. Speaker, in that meeting I found the Metis organization had presented us with a very, very

\*See member's explanation in August 11 *Hansard*.

valuable document, one the government appreciates very much and will be able to commence work on immediately as a high priority. We said that prior to the First Ministers' meeting next year we would like to have a complete assessment and be able to then move with our own legislation. That's our intent.

MR. MARTIN: A supplementary question, Mr. Speaker. To create an atmosphere of goodwill, what instructions has the Premier given to finally get action under way to settle the settlements' outstanding statement of claim for resource revenue, which the government has been dragging through the courts since 1977?

MR. GETTY: Mr. Speaker, I should say that there was a very good feeling of goodwill yesterday amongst the members of the Metis organization and our government. I expressed our appreciation for the work they did. As far as resource revenues, the Attorney General is working on that matter, and we told them that we would be providing an answer as soon as possible.

MR. MARTIN: It's been going on since 1977. That's the answer we were given then: "As soon as possible." The Metis settlements obviously have a little different idea than the government.

AN HON. MEMBER: Question.

MR. MARTIN: Yes, do you want to ask a question? It's an important one.

Mr. Speaker, my question has to do beyond the settlements. As the Premier is well aware, many Alberta Metis do not live in settlements nor wish to. When will the Premier give instructions for his government to act on the Metis Association of Alberta's proposal for funding support for regionalization of services?

MR. GETTY: Mr. Speaker, the hon. Minister of Municipal Affairs has been handling that matter.

MR. CRAWFORD: Mr. Speaker, I could offer this information to the hon. leader. The proposals were made earlier this year, and the judgment of my predecessor in this role at that time was that the funds should not be budgeted for. The Metis Association was told at that time that the block funding they receive could be reallocated on a regional basis if they wished. I wanted to re-examine the issue and have undertaken that. I've met with the representatives of the association in that respect and asked for an analysis from department officials, including a budgetary analysis, because the funds would have to be provided by supplementary estimates or special warrant if that were the decision.

I'm sympathetic to the argument. There are two sides to it, and the process now is that the analysis must go to a cabinet committee. The decision will shortly follow that.

MR. R. SPEAKER: A supplementary question to the Premier. It's with regard to the process that occurs from this point on. The Premier has indicated a time scheduling. In reading the report, my recall was that the association has recommended continuous negotiation and discussion in fulfilling some of the objectives they wish to accomplish during the next six to eight or 10 months. Could the Premier indicate who is being assigned the formal responsibility for this ongoing negotiation and discussion? Will there be one

minister or a cabinet committee, or will there be a set of senior officials in one of the departments that will take on that responsibility?

MR. GETTY: Mr. Speaker, because the area is now almost fully in the area of new legislation and the legal aspects of the Metis settlements, that part of the process will be under the direction of the Attorney General.

I might say, Mr. Speaker, that all members should be aware that this is an unprecedented move in Canada and one that the government is very proud to be doing. We will be able to work out this type of self-government with the Metis people and the passing of land to them so they hold it and own it themselves. No other government in Canada has done that.

MR. TAYLOR: Mr. Speaker, a supplementary to the Premier. That will be a hollow victory indeed if they don't get the oil rights with it. So could the Premier tell the House whether or not the reported 1.3 million acres or so that are going to be assigned back to the Metis settlements will include mineral rights as well as the surface?

MR. GETTY: No, they will not include the mineral rights, Mr. Speaker.

MR. SPEAKER: Second main question, Leader of the Opposition.

#### Free Trade Initiatives

MR. MARTIN: Yes, Mr. Speaker, I'd like to direct it to the Premier. It has to do with some comments made by the minister for intergovernmental affairs. He waxed eloquent about bombs, but we'll go into a different area.

During his estimates last night, Mr. Speaker, the minister cited Donald Macdonald and his commission which endorsed a free trade deal. Today Mr. Macdonald seems to have a few doubts about it, especially in lieu of protectionist forces building up in the United States. My question then is: what is the Alberta government's policy on this matter, particularly about steel exports which they are now putting pressure on? Are we prepared to give up all our trade surpluses with the United States to gain a bilateral free trade agreement?

MR. GETTY: No, Mr. Speaker.

MR. MARTIN: That's interesting, Mr. Speaker. Maybe we can be a little more specific in terms of the steel industry. In view of the new U.S. pressure on our steel industry, what is the policy of this government on this sort of approach? For example, would we insist that energy drillers receiving provincial incentive moneys should use rigs made with Canadian steel?

MR. GETTY: No, Mr. Speaker.

MR. MARTIN: That's what I like about Don. You get a lot out of him: full of information. That's what people want to know about free trade in this country. Mr. Speaker, we will continue to ask another question, and perhaps we'll get a little longer answer. We can try anyhow.

I'm not convinced that this government is in favour of a grain deficiency program. [interjections] I can wait.

MR. SPEAKER: Order please. In the interests of question period perhaps we could indeed have the supplementary question.

MR. MARTIN: That's what I was getting to.

MR. SPEAKER: Good.

MR. MARTIN: My question has to do with the deficiency payments that some people are advocating. At the Premiers' meeting will it be one of this Premier's top two priorities to gain support for a deficiency payment, or are concessions to the U.S. and the free trade deal more important?

MR. GETTY: Mr. Speaker, we wouldn't deal with it like that.

Might I comment, Mr. Speaker, when there are questions that deserve the answer no or yes, that's the answer the leader gets. I don't know why anybody would think you have to go into some long-winded answer just because he has a long-winded question.

MR. MARTIN: Yes, Mr. Speaker, long-winded. He gets long-winded after the fourth question, when you can't come back.

Mr. Speaker, my question then has to do with a suggestion that my colleague from Calgary Mountain View raised about a public commission in terms of Albertans having feedback into the free trade talks like their counterparts in Saskatchewan. He said he would give it some thought. My question is: are we now prepared to make an announcement that we would have this sort of commission?

MR. GETTY: No, Mr. Speaker.

MR. TAYLOR: Am I allowed a supplemental, Mr. Speaker? I may get a short answer, but lockjaw has not been one of the characteristics of that front bench.

Nevertheless, to the Premier: in the negotiations for free trade with the U.S. and tied into our gas exports and the hope that the U.S. will have a shortage down the road and our gas export prices will increase, is there going to be any rider or any restriction to get the Americans to continue to buy their gas from us rather than go and buy it from Mexico once the price starts turning around and coming back?

MR. GETTY: Mr. Speaker, there's no indication that would be a matter of the free trade negotiations.

#### **Farm Credit Stability Program**

MR. TAYLOR: I'd like to direct this question to the Associate Minister of Agriculture regarding the universal application of the Alberta farm credit stability program. I've been informed in some of the information coming in that farmers with special difficulties are having trouble accessing the money, whereas those in good health are having no trouble. Will the minister explain why lending institutions are using land as the only collateral base and those with large cattle or equipment inventories are not being taken in as collateral when it comes to loan eligibility under the program?

MRS. CRIPPS: Mr. Speaker, in answer to the hon. member's question, I don't believe he could substantiate that claim. Collateral is collateral, and the lending institution has to determine whether the borrower has repayment ability. But I don't believe that could be substantiated, and if he

has information where it could be, I'd be happy to receive it.

MR. TAYLOR: I'm glad to hear you make that statement, and I hope we can be as happy as you are now with the statement next Wednesday or so.

Mr. Speaker, a supplementary. Will the government take immediate steps to ensure that farmers that are in need of assistance to improve their farms or reduce their debt gain priority over those that plain and simply want to use the loan to expand their farms, not to improve them?

MRS. CRIPPS: No, Mr. Speaker. I don't believe we could predetermine who gets the loans, since the loans are made through the lending institutions. Today there have been 277 applications, and there are thousands of lending institutions all over this province who are ready and, I understand, willing to make loans. I can't see the government predetermining who gets the loans.

MR. TAYLOR: A supplementary, Mr. Speaker. Certainly, Madam Minister, you must realize that unless bankers have changed, a lending institution will give the money to those that don't need it before those that do need it, unless you step in.

After yesterday when she did not have an opportunity, could the associate minister inform the House whether or not the Agricultural Development Corporation will continue to be a lender of last resort and will in effect be the appeal board to those that cannot get allowance from the present system or the new system where the lender is not given approval?

MRS. CRIPPS: Mr. Speaker, the role of ADC will not change due to the introduction of the credit stability program.

MR. TAYLOR: A final supplementary, Mr. Speaker. I hope the minister will notify — maybe in another ad with those beautiful pictures of the minister and Premier — that if farmers cannot get the money from their friendly banker, they will have a right to come back and appeal it. In the last two days I've tried to get the regulations. Will the regulations the lending institutions are going to use be in place sometime in the very early future? I cannot get the regulations, and I don't know of a lending institution that has the regulations.

MRS. CRIPPS: Mr. Speaker, in the preamble to the member's question, he talked about an appeal. At ADC there is an appeal to the local ADC committees. That has been in place and standard for years.

With regard to the regulations, my understanding is that every financial institution in the province has the program manual, and that contains the information regarding loans. As far as the regulations go, when they're passed specifically by cabinet, they would be made available. The Provincial Treasurer may wish to supplement my answer.

MR. R. SPEAKER: A supplementary question to the Provincial Treasurer. The current prime rate is around 8.15 percent, and our Canadian dollar is weak. Can the Provincial Treasurer tell the Assembly whether the borrowing of the \$2 billion will be within Canada, or is it going to be an international arrangement the Provincial Treasurer is intending to make? Has that decision been made at this point in time?

MR. JOHNSTON: Mr. Speaker, with respect to the source of money for both the farm stability program and the small business program, we will use a variety of markets to secure the \$2.75 billion. Obviously, we would do it in a variety of instruments including short-term, long-term, and extended-term. As yet, I can't be more specific, but we will be in all the markets to take advantage of the rates, the supply of money, and to some extent to ensure the stability of the Canadian dollar is maintained.

MR. FOX: A supplementary to the Provincial Treasurer, Mr. Speaker. What is the spread on this money given the banks, the difference between the 9 percent they charge farmers and the rate at which Treasury gives the money to the banks?

MR. JOHNSTON: I'm sure the Member for Vegreville was here yesterday. In fact, I did answer the question from the Member for Little Bow. I indicated at that time that a very favourable spread has been negotiated at 2.38 percent.

#### **Gainers Dispute**

MR. R. SPEAKER: Mr. Speaker, my question is to the Minister of Labour. It's with regard to the Gainers' employees that are presently picketing various independent businessmen in the city of Edmonton. It's my understanding that under section 114 of the Labour Relations Act this is illegal or should not take place. I was wondering if the minister could indicate at this time whether any action is being taken with regard to this matter.

DR. REID: Mr. Speaker, the Attorney General may wish to supplement my answer, but the situation is that these activities are being looked into to see whether they do constitute secondary picketing or whether there is some other statutory restriction that is being broken as well.

MR. R. SPEAKER: Mr. Speaker, in terms of the review that is going on, would the minister indicate whether that review is taking place immediately? Could we have a report back on Monday with regard to the results of that review?

DR. REID: Mr. Speaker, I'm not sure whether the activities are yet completed. I'm aware of several locations where these activities have occurred. Whether there will be others over the weekend is of course impossible to predict. So to come back on Monday with an answer may be a little difficult.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the minister. In terms of earlier incidences at the Gainers plant, there were illegal acts that took place but charges were not laid or pursued. If charges can be laid under that section of the Act, is it the intent of the government in this situation to pursue them and lay charges and uphold the law of the province?

DR. REID: Mr. Speaker, I'm almost sure the Attorney General will want to supplement this, but he has explained in the House before the difference between breaking a civil injunction and actions that are against the Criminal Code. The difference is significant. Whether civil matters are pursued is in other hands. Criminal Code matters are of course in the hands of the Attorney General, and perhaps he will wish to supplement.

MR. HORSMAN: Mr. Speaker, this matter has been mentioned before in the Assembly. Of course, there is a difference between charges which are laid under the Criminal Code and complaints which are brought for a reason of violation of civil injunctions. There is a process by which a civil injunction complaint can be converted in the courtroom itself as a result of the hearing by the judge, based on his or her understanding of the circumstances, to a criminal charge.

In some cases of matters of civil complaints now before the courts, applications have been made by complainants to have the charges converted from civil complaints to criminal matters. Those cases have all been adjourned to date for further determination until sometime later this month and in some cases until September. Without becoming too legalistic or giving a legal opinion, the process should be understood by members of the Assembly.

MR. CHUMIR: To the hon. Minister of Labour. Will he consider the right of picketers to picket on shopping centre sites, in light of reports in Calgary that some shopping centres have refused to grant permission?

DR. REID: Mr. Speaker, there is the difference between the definition of public property and private property. I think that's what the member is on to, and that's a matter of a legal opinion.

#### **Airport Facilities**

MR. STEVENS: Mr. Speaker, my question is to the Minister of Transportation and Utilities. Given the federal government's intention to close the unlicensed airport at Banff, can the minister confirm whether or not he has received a formal request from the town of Canmore council for the province to construct an airport and terminal adjacent to Canmore?

MR. ADAIR: Yes, I have, Mr. Speaker.

MR. STEVENS: A supplementary, Mr. Speaker. Can the minister advise if his officials and the Ministry of Transport have agreed on a technically acceptable site and whether or not there are any problems with the operating requirements of such a site?

MR. ADAIR: Mr. Speaker, the department has looked at some alternative sites in the area. What probably needs to happen now is to determine whether we want to proceed with an environmental impact study and carry that on or determine that it may be too costly to put an airport in the immediate vicinity of Canmore. That would follow some discussions that would take place between departmental staff and the town of Canmore.

MR. STEVENS: Mr. Speaker, my final supplementary. Would the minister be prepared to meet with the council at some appropriate time to discuss their request and his evaluation of the environmental concerns and technical requirements of such an airport?

MR. ADAIR: Yes, I would, Mr. Speaker.

#### **Government Salaries**

MS BARRETT: Mr. Speaker, I see by the orders in council approved yesterday for a cabinet decision to change the salaries going to the executive assistants and the press secretary to the Premier that there's a new twist in the

Premier's guaranteed employment program. I wonder if the Premier would identify what was so special about these particular individuals to warrant this sort of favouritism.

MR. GETTY: Mr. Speaker, there's no favouritism involved. In the Premier's office and throughout the civil service there is a regular review of remuneration. I don't get involved in all of these details, but certainly when it appears that they're not being fairly paid, then an adjustment is made.

MR. MARTIN: They're the ones telling him not to talk.

MS BARRETT: That's right.

The salary ranges will now go up to \$68,000 a year. Mr. Speaker, I wonder if the Premier would indicate if this is a signal that the door is now open for all ministerial executive assistants who warrant a sort of favouritism to get such similar and handsome pay increases.

MR. GETTY: Mr. Speaker, in asking the question, the hon. member didn't mention where the salary range started. I guess that wouldn't give the impression she wanted to make.

However, Mr. Speaker, as I said earlier, we expect all those who work for the government to be paid fairly, and there's always a review done in order that that happens.

MS BARRETT: Mr. Speaker, I beg to just note that the salary range I'm talking about is now from \$53,700 to \$68,000 compared to the salary range just below, which had a maximum of \$63,300. So it's obvious where the new salary range really is.

Mr. Speaker, my question to the Premier: is this practice of arbitrary pay increases for loyal Tories to become the new emphasis of the GEP's plan for patronage for loyal friends?

MR. GETTY: I detect some frustration in the hon. member's question, Mr. Speaker.

MS BARRETT: I have a final supplementary question, Mr. Speaker, and this one is quite serious. Will the Premier apply himself, in the name of fairness, with all that effort, to reducing the gender wage gap in the Alberta public service, which is now more than \$10,000 a year between the rate of pay going to women in the full-time employ of the public service and men in the full-time employ of the public service?

MR. GETTY: Yes, Mr. Speaker, and I've given that commitment before to the hon. member.

MR. R. SPEAKER: A supplementary question to the Premier relative to a precedent that has now been set. Is it the intention of the Premier to raise the salary of all senior civil servants, administrative personnel in the government of Alberta, that are outside the negotiating block or bargaining unit?

MR. GETTY: No, Mr. Speaker. They would be dealt with as they have been in the past and will be in the future; that is, their remuneration will be reviewed to make sure that it's reflecting their duties and their responsibilities and current conditions in the province.

MR. TAYLOR: Mr. Speaker, to the Premier. Is he aware that as an additional reward to his loyal assistants the Liberal

Party is prepared to contribute two executive keys to two executive washrooms in the basement?

MR. SPEAKER: The question is out of order. The Member for Edmonton Meadowlark followed by the Member for Edmonton Glengarry.

#### **Hazardous Waste Disposal Plant**

MR. MITCHELL: Mr. Speaker, in the absence of the Minister of the Environment, my question is to the Premier. Bow Valley Resource Services Ltd., which will be building and operating the Swan Hills waste management plant, has recorded a loss of \$8.4 million for the first six months of 1986: no insignificant loss. Financial strength is essential for any company operating such a facility to ensure that every precaution that should be taken can be afforded. What evidence has this government that Bow Valley Resource Services Ltd. will have the necessary financial strength to do this job properly and to ensure that all precautions are taken?

MR. GETTY: Mr. Speaker, I'm sure the Minister of the Environment would want to deal with the question when he returns to the House.

MR. MITCHELL: I'd like to pursue this. I think it's important enough that the Premier should know about this. [interjections] Given that it's going to be unnecessarily costing Albertans \$40 million over 10 years, the Premier should know about it.

What particular qualifications do Bow Valley Resource Services and Chem-Security Ltd. have for this project, given that neither has experience in the waste disposal area and that there is now serious question about their financial strength?

MR. GETTY: Mr. Speaker, it's the same answer I gave to his original question: the Minister of the Environment would be pleased to deal with it when he returns to the House.

MR. MITCHELL: Ten out of 10 for finesse on that answer.

Can the Premier indicate why this plant would not be built and operated under the terms generally governing other public utilities in this province?

MR. GETTY: Mr. Speaker, the same answer once again to the hon. member. I realize he has a script there, but he can hold it until the Minister of the Environment arrives.

MR. MITCHELL: It seems to me the Premier has a script: "Yes." "No." "Somebody else can answer it."

MR. SPEAKER: Order, hon. member. Please ask the supplementary question.

MR. MITCHELL: Can the Premier please indicate whether he or the Minister of the Environment will have the Public Utilities Board, for example, review this project to determine whether it should be handled as a public utility? If not, why not?

MR. GETTY: Mr. Speaker, I don't want to detract from the importance of the questions. They are important questions. But the hon. Minister of the Environment is not here,

and that's his responsibility. He would want to deal with it when he returns.

MR. YOUNIE: Mr. Speaker, another supplementary for the Premier to take to the Minister of the Environment. Perhaps he might be asked to consider the possibility that it could be solely run through the Alberta Special Waste Management Corporation, which does not have the horrendous debt load that is being experienced by Bow Valley Resource Services.

MR. GETTY: Mr. Speaker, the hon. member should raise that with the Minister of the Environment as well.

#### Public Health Warnings

MR. YOUNIE: Mr. Speaker, for the Minister of Community and Occupational Health. It appears that Buck Lake was contaminated recently by flood waters which had flowed through a stockyard and caused the cancelling of community swimming lessons. After this was brought to the department's attention Friday, on Saturday two confusingly worded, hand-written signs were put up in the campground, but they were not placed where they could easily be seen and were blocked from sight by campers. I'm wondering what report the minister has received from the local board of health as to the nature, extent, and expected duration of this contamination.

MR. DINNING: Mr. Speaker, I don't have that information at my Fingertips today. I'd be happy to get back to the hon. member when I have that information.

MR. YOUNIE: Thank you. I'll look forward to it. In view of large crowds that swam in Buck Lake over the long weekend and either didn't see or understand the handwritten signs, can the minister outline present policies concerning health unit posting of adequate warning signs for health dangers?

MR. DINNING: Mr. Speaker, as I've mentioned in this Assembly on many occasions in the past, the matters of public health in this province go back a number of years. What we've done in this province back to the 1930s is devolve to the local municipalities, the local regions in this province, responsibility for the administration and delivery of public health in 27 areas of the province on a priority basis that is established within that health unit region.

I can again take the question as notice, Mr. Speaker, but I would say that the general intent of any policy would be to inform the citizens, the public in that area, as openly and as clearly as possible of any dangers that exist in the lake the hon. member may be talking of or any other body of water or land that might pose a danger to public health.

MR. YOUNIE: A supplementary question. One person who complained to the health unit was told they were too busy to worry about signs. So perhaps it should be checked into.

Will the minister ensure that adequate signs will be up this weekend to ensure the safety and health of campers and swimmers in that area?

MR. DINNING: Mr. Speaker, I take the representation from the hon. member, and I will make sure that message is conveyed to all 27 public health units throughout the province.

MR. YOUNIE: A final supplementary. Has the minister directed his department yet to undertake a comprehensive testing program of this lake or to instruct the health unit to do so to adequately publicize the condition and danger of the lake?

MR. DINNING: Mr. Speaker, that's an ongoing process. I can say that after the recent flood and serious situations in various parts of the province, those bodies of water have been carefully looked at, are being monitored, and the proper cleanup is taking place.

#### Environmental Impact of Insecticide

MR. FOX: My question is also to the Minister of Community and Occupational Health concerning furadan spraying in southern Alberta. There's growing concern about the effects, both short- and long-term, of this spray program in southern Alberta. Last week it was announced that residues have been discovered in irrigation water. The Minister of the Environment said that there is little cause for concern because the chemical breaks down in a matter of a few days. I'm just wondering what steps this minister is taking to ensure that public safety is not being jeopardized by the extensive use of furadan in southern Alberta.

MR. DINNING: Mr. Speaker, from the point of view of the occupational health of the farmer, that is a matter which I would refer the hon. member to the Minister of Agriculture. On the general health hazard, it's something that we in our department and in the Department of Agriculture are very concerned about and are undertaking a serious look at the impact of that chemical on public health and whether it has anything to do with bees or any other material that might be consumed or be exposed to that chemical.

MR. FOX: A supplementary, Mr. Speaker. The recent experience of beekeepers in southern Alberta, and he alluded to it, indicates that there are residual problems, that furadan doesn't break down as formerly expected. Will the minister demand a moratorium on the use of this chemical until more is known about the residual effects of it?

MR. DINNING: Mr. Speaker, I would not be able to make that commitment here today.

MR. FOX: A supplementary, Mr. Speaker, to the Associate Minister of Agriculture. What consideration has the Department of Agriculture given to either eliminating the subsidies on furadan spraying altogether or increasing subsidies on other chemicals used for grasshopper control to eliminate the financial pressure farmers feel to make furadan the chemical of choice?

MRS. CRIPPS: There's an assessment being done right now by the Department of Agriculture into the effects and residue of furadan.

I might add that when we met with the federal Minister of Agriculture, we did discuss with him a review of furadan and the licensing of furadan and asked for a re-evaluation of the effects of the chemical. With regard to paying a higher price for other chemicals, that is something that's being looked at in the department right now.

MR. FOX: A final supplementary to the associate minister, Mr. Speaker. What are the department's plans regarding

compensating beekeepers for their extensive losses due to grasshopper spraying this year?

MRS. CRIPPS: Mr. Speaker, that's one of the questions that's being assessed. At this point in time, there appears to be evidence that's a fact, but we're looking into that. I know Alberta Hail and Crop is also examining the situation.

MR. TAYLOR: A supplementary to the associate minister. About a month ago I was told that in Saskatchewan furadan was being suspended until they could study Alberta results. Do you know whether or not it's being used in Saskatchewan now for grasshopper poisoning?

MRS. CRIPPS: No, I don't, Mr. Speaker.

#### **Health Care Costs Related to Life-styles**

MR. CHUMIR: Mr. Speaker, my initial question is to the hon. Minister of Community and Occupational Health. I would like to carry on my line of questioning with respect to what programs the government has to improve our life-styles in light of increasing health costs, particularly in light of the government philosophy that the least government is the best government, with the result of no activities.

The Minister of Community and Occupational Health is also responsible for the Workers' Compensation Board. I wonder if he could tell the House what steps he's taking to restrict smoking in the workplace in his department and in the Workers' Compensation Board in light of the role that his department has in setting an example in this very important area of providing clean air for workers.

MR. DINNING: Mr. Speaker, I was delighted to learn yesterday of the initiatives taken by my colleagues, the Minister of Hospitals and Medical Care as well as the Minister of Recreation and Parks. I welcome that kind of initiative, and it's something I would ask all my colleagues to assess for their departments throughout the government. As for the Department of Community and Occupational Health, AADAC, and as well as for the Workers' Compensation Board, it's a matter I am going to be discussing with the deputy minister on Monday morning at 10 o'clock.

MR. CHUMIR: Either to the Minister of Community and Occupational Health or the Minister of Transportation and Utilities. The federal government has recently indicated it will be requiring new cars to have provision for headlights to be on during the day. Has the government any plans to implement legislation requiring that headlights on vehicles be kept on during the day in Alberta in light of the very clear life-saving parameters that apply to a law of that sort?

MR. SPEAKER: The hon. Member for Calgary Buffalo has indeed smoked the Chair out with respect to the line of questioning. It's very thinly drawn to be able to refer to all of this as being with regard with one's health. Perhaps if there's time, the member could ask a separate question with respect to highway safety.

MR. CHUMIR: With due respect, Mr. Speaker, the preamble related to what line of attack the government is taking re life-styles, and driving is certainly within one of the parameters.

MR. ADAIR: In the manner of my life-style of doing a lot of driving and driving with my lights on all the time now . . .

MR. TAYLOR: I thought you were in the dark.

MR. ADAIR: You're a mushroom, aren't you?

MR. SPEAKER: The Minister of Transportation and Utilities would like to supply some information as a correction to question period yesterday. Oh, we do have a further supplementary? The Chair didn't see any action over on that side.

MR. CHUMIR: I understood that the hon. minister of transportation was in the middle of answering that question and was cut off. I believe he was going to tell us more about that particular issue. My interpretation is that the hon. minister has more to say with respect to my last question. Would that be a correct interpretation?

MR. ADAIR: That was right. I was just rudely interrupted.

Mr. Speaker, with regard to the federal possibility of legislation for lights on at all times, we will be watching that with interest and would move accordingly when that particular case is made.

MR. CHUMIR: Again to the hon. Minister of Transportation and Utilities. Does the hon. minister have any plans to bring in legislation requiring seat belts to be worn by minors, those under 18 years of age, in light of the fact that there could be no question that the community should look after their interests?

MR. ADAIR: I believe I responded to that some time ago, Mr. Speaker, when I said that private member's Bill 211, I believe, will see a great deal of debate, and I'll watch that debate with interest. After that debate has taken place and after I've had a chance to review that, we will follow up.

MR. SPEAKER: The time for question period has expired. Mr. Minister.

#### **Genesee Power Plant**

MR. ADAIR: Mr. Speaker, yesterday in my response to the first question of the Member for Edmonton Beverly I stated on page 9 of the Blues that in July 1985 a letter was sent to the city council. Mr. Speaker, I would like to correct the statement by stating that the letter was actually written and sent in June 1985.

Furthermore, in my response to the question of the Member for Pincher Creek-Crowsnest I stated on page 10 of the Blues that the option was provided to the city of Edmonton in July 1985. Mr. Speaker, that should read March 1984.

MR. SPEAKER: The Chair was caught somewhat off guard earlier this morning. I'm not going to speak in the third person. I now speak as myself to thank the Member for Lethbridge West and members of the Assembly for extending your condolences to my wife and her brother and our family on the death of my wife's mother. I thank you and will extend that to the family this weekend.



## ORDERS OF THE DAY

### head: COMMITTEE OF SUPPLY

[Mr. Gogo in the Chair]

MR. CHAIRMAN: The committee will come to order, please. Various ministers have requested of the Chair the opportunity of providing additional information on their departments or on behalf of other ministers as a result of the time squeeze in the estimates. The Chair recognizes the Associate Minister of Agriculture.

MRS. CRIPPS: Mr. Chairman, on behalf of the Minister of Agriculture, I would like to file the responses to the questions. Copies have already been circulated to members in direct response to their individual questions.

MR. SPARROW: Mr. Chairman, I would also like to file with you copies of questions that came in Forestry, Lands and Wildlife estimates. We'll circulate copies to individual members.

MR. ADAIR: Mr. Chairman, on behalf of the Minister of the Environment, I would like to file the answers to questions raised on July 9 during his estimates.

MR. WEISS: Mr. Chairman, to be recorded as well, I have already provided copies of responses to the questions of all members that I was not able to respond to directly. As well, I have provided you as chairperson with copies of those. I would like to file copies with the House as well.

MR. CHAIRMAN: Thank you.

### Treasury Department

MR. CHAIRMAN: The department before us today is the Treasury Department. The hon. Dick Johnston is minister. It's page 409 in your working papers and page 171 in the elements book. Hon. minister, would you care to make some opening comments to your estimates?

MR. JOHNSTON: Mr. Chairman, perhaps just a very few overview comments which might be helpful. First of all, the estimates of Treasury this year call for funding in the amount of \$196,609,330 before budgetary appropriations of \$335,601,400. With respect to the essential amount of the budget — that is, the \$196 million — the essential increase in the estimates for '86-87 over '85-86 is for the farm fuel distribution allowance, an increase of some \$60 million which will allow coloured fuel to rise to 14 cents from 7 cents this past year. Therefore, this year the bulk of the change in the budget which I am requesting from the Assembly is justified by that increase. Of course, other increases are accounted for in terms of both wage increases which were negotiated through the normal variety of processes and through some additional fixed assets as well.

What I am essentially saying, Mr. Chairman, is that although the budget shows a 46 percent increase, it is essentially a flat budget, as we have experienced an overall reduction in people. As well, we have been fairly careful about the level of expenditures we have undertaken. I should also note that this budget reflects the movement from Consumer and Corporate Affairs to Treasury of several

elements dealing with the trust companies and credit unions. These budgets also reflect that merger of departments, in terms of both dollars where applicable and numbers specifically.

Responsibility in Treasury is fairly wide. Our department encompasses the normal finance side of an operation and the normal budgetary or Treasury Board side as well. Of course, in many governments those two are split. But we in this government believe that the co-ordination in terms of both the revenue side and the expenditure side is so important that we need to maintain them under one minister.

However, in terms of structure the system itself is split somewhat in that we do have two deputy ministers in this department, which I think is unique to Alberta. The finance side is under Mr. Alistair McPherson, who deals to a great extent with the general revenue side, the finance side, of the Heritage Savings Trust Fund. The budgetary side, the Treasury Board side so to speak, is under Al O'Brien, who is a deputy minister as well. As the information shows, the Controller is Mr. Heisler, who is responsible for the control of disbursements, the management of the information system, and the preparation itself of the budgets as you go through the year-to-year process.

Naturally, when it comes to Treasury responsibilities, as the heading on page 1 shows, there is a very wide range of responsibilities which must be reflected in the department's responsibilities. First of all, as I've indicated, the budgetary side; the ongoing, continuous preparation of budgets, the monitoring of expenditures, and the control of expenditures must all be a significant part of the budget side. Of course, the department has responded with both imaginative systems with management control apparatus and with people who I think are outstanding in terms of the civil service in Canada.

Secondly, we must deal with the reporting side. We bring reports forward from time to time. Those reports are of course debated here, in Public Accounts, and through the heritage fund committee as well. Other sources of information required by the Assembly from time to time are provided by our department. The reporting side, the liaison with the Auditor General, is another side of the information to ensure that ample and adequate disclosure of all transactions of a fairly large government is reflected fairly and honestly for both the people of Alberta and this Legislature in particular.

As well, as the information shows, the management of pension funds rests in Treasury, always a concern to everyone. We attempt to manage the use of the surplus money to the best of our abilities to ensure the maximum return to the pension beneficiaries. Of course, from time to time we monitor the funds to be sure the contributions themselves are adequate to ensure that obligations can be made over the period of the participants and the actuarial base is kept sound for the future. As well, the three new funds which have been set up by both the estimates and two Bills which we have passed through the Assembly will come under the responsibility of Treasury in terms of managing those funds. Those are added to, I believe, some six or seven different funds which are shown in the detailed information provided. Therefore, these funds which are part of the nonbudgetary expenditure are set aside so they carry forward from year to year, and there is a reconciliation showing the in and out of the transactions there.

No comment on Treasury would of course be complete without two other statements. One deals with the Treasury Branches themselves, which are essentially part of Treasury, although the employee numbers are not included in the

estimates for comparison purposes since we tend to operate them as a separate and distinct entity. But the responsibility for Treasury Branches is under the Provincial Treasurer, again a very unique situation for Alberta. During the 1930s the wisdom of the government of the time was to move into some of the smaller communities of Alberta where banking and financial institutions were hesitant to tread and to provide a financial system to the people of Alberta. I think there's now a very comprehensive development of banking or Treasury Branches across the province determined to provide services to the people of Alberta and responding in a variety of ways where the traditional banking institutions fail to do so.

Under Mr. Bray, who is the superintendent of Treasury Branches, we expect to see a very significant growth in Treasury Branches. In a Canadian ranking the total assets under administration make Treasury Branches about the 20th largest financial institution in Canada. Obviously, because of the softening of real estate prices and other difficulties which other financial institutions in this province have experienced in the past year, the Treasury Branches are going through that correction as well. Nonetheless, they are a very important part of the financial infrastructure of this province, one which all Albertans can be proud of and one which has grown with the province and has adapted and adjusted to the changing times as well.

Finally, Mr. Chairman, with respect to the Heritage Savings Trust Fund, I will not spend much time delving into the subtleties of the fund because I'm sure we'll have an opportunity in the future in both this Legislature and committee to look at the workings of the fund. I should note that obviously the day-to-day management and decision-making of the Heritage Savings Trust Fund are the responsibility of the Treasury Department. In that ongoing investment of funds the department has a great deal of responsibility and I think to some extent must take credit for the success of the Heritage Savings Trust Fund in terms of its performance, in terms of the management of the resources and the way in which we've used the resources — in my view, judiciously — to assist in building for the future of Alberta, using the money as well to achieve economic success, jobs, diversification and growth within the province through the capital investment divisions and using the funds from the Heritage Savings Trust Fund to supplement to a great extent the revenue of the province, revenues which, by the way, would probably approximate a sales tax should this fund transfer between the Heritage Savings Trust Fund and the General Revenue Fund not have occurred.

Five divisions of the Heritage Savings Trust Fund are clearly important. They cover a wide range of diversification objectives. They provide opportunity for us to maximize the rate of return on the investment and of course, as I've indicated, satisfy other nonfinancial objectives such as investments in irrigation, in medical research facilities, and the very important Heritage Savings Trust Fund. I know that a fuller discussion of the Heritage Savings Trust Fund will take place in the next few days. I will hopefully take part in some of that discussion as well. I should note, though, that there is a transfer between the two funds each year to cover the administration costs of at least three departments, those being Treasury, Energy and, to some extent, the Attorney General's department. It's about \$1 million. That transfer allows the costs paid by Treasury to be transferred to and reflected in the Heritage Savings Trust Fund.

Let me turn now to a quick review of where we are in terms of the economy. When I brought in my June 16

statement, the 1986 Budget Address update, I talked clearly and I think fairly about the current economic situation facing Alberta. I think most of the assumptions and the premises within the June 6 statement have been reinforced. We're finding now that although there were some uncertainties with respect to oil pricing, the recent OPEC adjustment has confirmed that OPEC does have a hand in setting world oil prices. More recently, on Tuesday we saw the September mercantile price of oil jump by \$1.75, bringing the price for September delivery to about \$16.75. The current mercantile price is about \$15. Of course, it is expected that will continue to firm over the fall of 1986 and early 1987. That is the implicit assumption which is factored into the revenue side of the budget.

With respect to other economic characteristics, we are finding that the level of investment in the province is down because of the uncertainty in oil and gas pricing. That is typical of an uncertainty. As soon as the industry itself sees some light ahead, they will be the first ones back in the marketplace. I'm confident that will take place early in 1987. Nonetheless, combining the uncertainties driven by world factors in both energy and agriculture, those two key sectors of our province have been soft. I think it's fair to say that that's part of the economic drag which the province is now facing. Nonetheless, because of very substantial investments in early '86, the carryover from 1985, in my view the first part of 1986 reflects a strong economy. Economic growth is not as great as we would like, but nonetheless there was some real growth in the first part of the year.

Obviously, no one is satisfied with the level of unemployment, but I think this budget in aggregate reflects a number of initiatives dealing with the unemployment levels, attempting to maintain people in their jobs, generating new activity, and dealing with sectoral or targeted areas. Other colleagues have spoken in more detail than that. But I will say that in the overall budget I think we are attempting to harmonize the objectives of other ministers with the expenditure programs which are reflected in our budget.

I should note, Mr. Chairman, that on the fiscal side, starting April 1, 1986, we have essentially a nominal amount of debt outstanding. My recollection is that we have some outstanding debentures of about \$200 million against which there is a sinking fund of about \$110 million. At the first of the year we effectively have a very nominal amount of debt, approximately \$80 million to \$90 million. There is some additional short-term debt; the province is now entering the money market on a week-to-week basis. In the early part of 1986 that was starting to increase as well. Obviously, through this period the government will be borrowing money. That's a new phenomenon for us in the province, and we will be searching a variety of markets to achieve the funds for the farm credit stability program and the small business program.

As I said earlier in the House today, we'll be pursuing the need for those dollars in a variety of markets. Perhaps "dollars" is not exactly right, because I'm sure we may have to borrow in other currencies to some extent. We will be entering other markets with a balanced portfolio approach. We will require both the \$2.75 billion that I referred to plus additional money to assist us with the budgetary deficit at least over this year. I think we can secure the money because our triple A credit rating is probably among the best in Canada. I know that other provinces would envy our financial position. I think we'll be able to enter the market in terms of securing these needed long-term dollars,

long-term debts, with the very best rates and with a fairly easy access to the market itself.

Nonetheless, what I'm indicating is that we're beginning 1986-87 with the strongest financial position and the lowest taxes of any province in Canada and with the highest level of expenditures and services ever provided by a province to its citizens. At the same time, we have a significant investment in infrastructure. We have the finest universities, hospitals, and colleges. We have very significant investments in sewers, water, and streets at the municipal level in conjunction with the local governments. In a variety of other areas we of course must be seen to be one of the most advanced provinces in terms of infrastructure or public services. Therefore, at this point we can, as I've indicated before, afford to defer some of these expenditures to the next year if we see that our budget deficit continues to increase.

Mr. Chairman, I should note that I've touched on the broad overview. To some extent we're under the peril of world forces in both energy and agriculture, where the oversupply is clear. That obviously has affected those two key sectors in our province. I've talked about the areas of strengths which the province has in terms of the financial strengths of both the province and the government and the fact that we have a very sophisticated and well-educated population and a very strong private sector. We're doing what we can to reinforce the sectoral approach to our economy in terms of diversification, securing jobs, and job expansion. Wherever possible we intend to assist these two sectors to continue through this difficult period. Family income, per capita income in Alberta, is among the highest in Canada. Of course our retail sales continue to expand at the highest level of any province, partly because of the tax regime and partly because of the service sector and our department.

At this point, Mr. Chairman, let me conclude — and then look forward to comments from my colleagues — by saying that this is now my 12th year in the Legislative Assembly as a minister. First of all, I am very impressed with the departmental staff in Treasury. As one who has perhaps been a critic of bureaucrats to some extent, I must say that the people in the department have been very effective, very well informed, and a real delight to work with, and I do look forward to the next four-year period. I think their history has been commendable. They have performed exemplarily. They have been on top of a very complex financial system and I think have handled the control, management, and disclosure with finesse and with intelligence. I must also note my ministerial staff, who have been patient with me over that 12-year period: in particular, Sharon Tymkow, my administrative assistant; Arlene Breitzkreuz, my secretary; and Randy Dawson, my executive assistant. My appreciation as well for the efforts and perhaps patience over the past few years.

Mr. Chairman, I look forward to the comments. I'll attempt to deal with the questions wherever possible, and I look forward to suggestions as to how we can work through this economic period we're facing. Of course, your recommendations, comments, and criticisms will be considered in a serious fashion.

MR. McEACHERN: Mr. Chairman, I'd like to begin by congratulating the Treasurer on his appointment. It's a very important task he takes on for the province of Alberta. It was perhaps easier to be Treasurer when times were good and the money was flowing. I'm sure that you have my

sympathy, Dick, in trying to sort out the problems now, in a time of economic difficulty. You will hear suggestions from this side of the House, and hopefully you'll find some of them helpful.

I can't resist looking back, as you did, at some of the words you spoke in the Budget Address when you introduced this budget a couple of months ago. I have to say that it's not an encouraging thing to look at. Your opening statement was:

It is clear that the uncertain world oil situation has many Albertans worried about the future.

Talk about an understatement now, two months later. Another comment:

The decline in world oil prices will temporarily dampen Alberta's economic growth this year.

Another statement that's seems so prophetic. But this statement is perhaps a bit ludicrous; I'm quoting you:

I think real output of the Alberta economy will hold at last year's level.

Surely, after two more months have gone by, that now seems to be out of reach and rather overoptimistic.

This government predicted a deficit totalling some \$2.3 billion. That was an increase of some \$423 million in just the two-month period between the April 3 introduction of more or less this same budget and the budget two months later. If that increase took place in those two months and the same kinds of increases take place over the remaining months of the year, perhaps it's time the Treasurer took another look at his budget and his numbers and re-assessed what the deficit will probably be.

He suggested that nonrenewable resource revenues would be in the neighbourhood of \$2.65 billion. That was down just in that two-month period I mentioned a minute ago. It's based on the assumption of a one-third increase in total resource revenues. The prices have not justified that small a decrease. I think the minister will have to admit that the budget this year will probably have a \$3 billion to \$3.5 billion deficit rather than a \$2.5 billion deficit.

I suppose the thing that bothers me most about the budget — and the minister called it a sort of balanced approach or balanced budget — is that while there are a lot of individual ad hoc programs, there doesn't seem to be an overall plan or policy. There just seems to be the hope that oil prices will rise again. I leave the recent OPEC moves in the last couple of days to my friend from Forest Lawn, who will be talking about the oil side of this and the revenues from oil in more detail.

I do have a few questions for the minister that I would like him to comment on. Has he done any review of the estimates in view of the problems I've just mentioned? If so, will he table that review in the House? If not, will he then initiate one? We really need to have a pretty realistic view of what's likely to happen this year. I think the economic situation justifies that kind of a review.

A deficit in itself is not necessarily such a serious problem if it's for a specific reason and has some specific plans that hopefully will get the economy moving again. In fact, in studying federal deficits in past years — not in recent years when the deficit seems to have gotten out of hand on the federal level, but in a 30-year period from the mid-40s to the mid-70s — sometimes when the government planned a deficit, the stimulative effect on the economy produced a surplus. If there were some of that kind of planning in this budget, I could see some reason or some hope, shall I say, that next year we wouldn't be faced with the same kind of deficit.

I suggest that this government is rather tired, rather old, and has no new plans. The only things they latched onto were the loan programs that were a sort of pale imitation of some suggestions we had: loans to farmers and loans to small businesses. The 9 percent is inadequate to really do the job for those two groups, and they refuse to talk about a floor price for oil, so I don't really see much hope for economic recovery. The budget that has a \$2.5 billion or \$3.5 billion deficit should in some way be a stimulative budget that gets things going again, and I do not see that in the policies and details of this budget. They've brought in the Alberta farm credit stability program, the Small Business Term Assistance Fund Act, and also the Alberta stock savings plan, and to some extent these are supply-side economic stimulants. To quite an extent they have supplemented or encouraged oil companies to explore this summer. Incentive programs: again, a supply-side economic idea.

It seems to me that one of the things that is needed is for the government to also think about demand-side economics. We have for many years in Canada and the United States been working on the assumption of a supply-side economic theory, which basically is that if you throw enough money at the big corporations, they will bury us all in cheap goods and services. I've seen little indication that that will happen. I'm not saying that these programs don't have some merit. As you know, we voted for both the farm credit stability program and the small business program and will be offering some suggestions on the Alberta stock savings plan. But I see nothing in the budget that says that this government has a commitment to putting money in the hands of people at the lower end of the income scale.

The minister bragged a few minutes ago that the per family income in this province is probably the highest in the country. That may be true, but it is also very poorly distributed in this province. We have many people that are very, very poor that live under the poverty line, while other people live high on the hog. We do not have a fair tax structure. We do not see to it that the people at the lower end of the scale — the people that are on social assistance, unemployed, and what I would call the working poor — get enough money to buy the essentials of life. If we gave them more money, they would spend more money. Unlike the overall average in Alberta, if we save some 14 percent of our income tucked away in a sock or in a bank and in effect don't want to risk or invest it, we could hope that the Alberta stock savings plan will pry some of that money loose.

One way to get some money circulating and to get some economic activity would be to give more money to the people at the lower end of the income scale, to adjust our tax structure so that would be done. They would buy from the retailers, the retailers would buy from the wholesalers, and the wholesalers would buy from the manufacturers, who would hire people to produce those goods and services that were required. That would stimulate the economy, and I see no attempt on the part of either our federal government or our provincial government in Alberta to do that. It is certainly what is needed at this stage of the game. Even all through the so-called boom of the '70s, we found that the manufacturing industries of this province were operating at between 80 and 85 percent of capacity, and we had around 10 and 12 percent unemployed. That is a non-economic use of resources, and some demand-side economics would seem to me to be in order rather than continually assuming that supply-side economic theory will do the job by itself.

I would like to turn now to the budget in terms of Treasury itself and ask a few questions. One or two of them were answered by the minister in his initial address, but I would like to ask a few others and perhaps some clarification on one or two of those.

On page 409, revenue collection and rebates is up 68.6 percent and the statutory budgetary expenditures are up 122 percent. I believe you did mention that one in terms of having to take some of the responsibilities of Consumer and Corporate Affairs over to Treasury.

On page 410 there is an 82 percent increase in grants, to \$133 million from \$73 million, and the purchase of fixed assets is up 47 percent as well. Perhaps you could enlighten us on those. I also wonder why the pension payments are down 21.7 percent. Did fewer people retire this year, or just what happened there?

I think interest and bank charges are explained by the taking on of the extra responsibilities that you mentioned, so I will pass over that question.

On page 411, to move ahead a little bit, I know the grants are small and it may seem a trivial number, but I wonder just what the grants of \$27,000 under that heading on page 411 are. Who and what are they for? Of course, the big number is the purchase of fixed assets. I realize that building or buying things for departments fluctuates greatly from year to year, but I'd just appreciate a comment on what that particular increase was for.

In the statistical service programs — and here I want to look at page 172 of the working papers rather than the departmental estimates themselves — statistical production is going to be down 11 percent and information services up 15.5 percent. Is that just a sort of shifting of the production of information from one section to another, one heading to another? What is going on there? Of course, we are concerned that it's really important that a lot of information be accurately collected and disseminated to the public and to this House so we can be informed of what's happening, which brings me to a question. When I asked in the House earlier — I believe it was Motion for a Return 131 — I wonder why I didn't get the information on tax write-offs, tax deferrals, and those kinds of things, and how much that's costing the taxpayers for the years '81 through '84. At the time it was said that it would be too complicated, but I'm a math teacher, Mr. Chairman, and I have some idea what calculators and computers can do. If we don't have an accounting system that can single out those numbers fairly quickly and relate them to the members of this House, then I suggest you need to revise your statistics gathering and collecting information.

As a matter of fact, the original question that that was modelled on was submitted by my former leader, Grant Notley. The question was accepted at that time, although only partially answered. The information for 1980 covering all those categories was given within 18 days, and yet when we ask for the same information for '81-'84, which is allowing a two-year lag in terms of collection and analyzing, they tell me that it's too complicated now, even though I assume that we have more computers and more experts and expertise in this field. So that bothered me a little, Mr. Chairman, and I would like a reply from the minister as to why we didn't get that information and how we are supposed to critique the operations of this government if we are not able to get that kind of information.

In vote 3 on page 415 of the estimates — that's the 82 percent; I've already asked that question. It just shows up in a different place in the estimates, but it was referred to

once again. That question has already been given to the minister.

Still on page 415, the purchase of fixed assets is up from \$208,000 to \$424,000. Again, I would like a little explanation on that, please.

I have a couple of questions on vote 4. This is on page 417; I keep juggling from one book to the other here. The pension payments are down — I think I mentioned that earlier — and the interest and bank charges are up 177 percent. Again, I guess that's another place where those same numbers show up. Perhaps you would just make sure you clarify that again.

In vote 5 supplies and services increased by 25 percent and purchase of fixed assets increased 250 percent. Again, just a question as to why that is taking place. That statutory one we've already covered, so that covers most of the sort of number questions out of that section. I apologize for some of them showing up twice, but when you go through the estimates you're sometimes not sure which ones are repeats of other ones.

I have some general concerns about the procedure we've been through with the budget over the last two months. I guess this is as good a place to raise it as any because, after all, the Treasurer is responsible for the overall budget; certainly he, the Premier, the cabinet, and the government are responsible. I suppose the one that bothers me most is the 25-day limit to the budget review. Surely the minister does not think that is adequate. We will not even see, I believe, the Transportation portfolio before the House. We did not get to comment on the Environment.

AN HON. MEMBER: It was here.

MR. McEACHERN: Transportation has been before the House? You're telling me that when we do Consumer and Corporate Affairs on Monday, that will be the last one?

AN HON. MEMBER: That's the last one.

MR. McEACHERN: There are none that we've missed?

AN HON. MEMBER: None will be missed.

MR. McEACHERN: I'll take your word for that. Sorry; I thought we had missed Transportation. I apologize for that. Even so, the minister would have to admit that we did not get to make a comment on the Environment department because of game playing on the part of the minister. In many of the budgets in the two hours we've had, the minister has spoken for 20 minutes or half an hour, and perhaps we or one of the other opposition parties got in for 20 minutes or half an hour.

MR. CHAIRMAN: Order please. I really think that's a question that could be put by your leader or the House leader to the Government House Leader. It's not the responsibility of the Provincial Treasurer, nor is it in his vote today.

MR. McEACHERN: I guess I just felt that the Treasurer should be concerned that his estimates get a full debate in this Legislature. As Treasury critic, I guess I was concerned that that has not happened. I can't resist raising that problem, whether it be tactics or not. [interjections]

MR. STEVENS: Mr. Chairman, on a point of order.

MR. CHAIRMAN: Order please. The Member for Banff-Cochrane.

MR. STEVENS: Mr. Chairman, you've indicated that the question should be directed to another party, and I wonder if you would continue that. Actually, the remarks right now are leading us into other kinds of debate rather than continuing with estimates. Opposition members or any members of the House have an opportunity all through those 25 days to ask a series of questions and sit down. What we're hearing are speeches, speeches, speeches.

MR. CHAIRMAN: Order please. The Member for Edmonton Kingsway.

MR. McEACHERN: Mr. Chairman, just a final comment, and this will wind up my ideas. Very quickly then, just the thought that the rules are restrictive, that 25 days is not enough to talk about the budget. That artificial time frame creates the kinds of pressures that lead to the kind of game-playing the minister raised, and I think that's wrong.

MR. YOUNG: Mr. Chairman, on a point of order. We are in the estimates of the Treasury Department and that's what should be addressed. These other matters have their appropriate place. If there is to be discussion, then let's deal with them at that time. Hon. member, the rule book is pretty clear.

Let's proceed, Mr. Chairman, if we may, with the estimates of the Treasury Department.

MR. MARTIN: On a point of order. Everyone is so sensitive that they can't debate this. Under the Treasury estimates the Treasurer is responsible for all the departments; we're dealing with his estimates. He was just making the point that there wasn't enough time to deal adequately with the Treasurer's estimates, and surely the minister should not be that thin-skinned about something like that.

MR. McEACHERN: I'll wind up my comments very quickly. I've covered most of the things I wanted to say about the estimates as such, but just a final point on this debate. It is the 25-day pressure; I accept the game-playing that goes on from all members, but it's because of that outside limit on the debate which should not be there.

MR. YOUNG: On a point of order. It's improper to refer to game-playing. That's a suggestion of a motive on the part of other members. That may be the hon. member's point of view, but it's quite inappropriate to reflect upon the motives of other members in that manner.

MR. CHAIRMAN: Order please. The proper time to discuss this is when the *Standing Orders* are being discussed and not in the Committee of Supply when there are members of this committee who are interested in putting questions to the Provincial Treasurer on his estimates. Will the Member for Edmonton Kingsway proceed.

MR. McEACHERN: I would just suggest that a committee structure may be helpful to get us out of that situation and wind up my comments there.

MR. MITCHELL: Mr. Chairman, I too would like to congratulate the minister on his appointment to this department. I have a sense that as a chartered accountant, he's

in his element, and I have a sense that this department is in good hands. It's nice to see somebody who enjoys his work. Despite the fact that I seem to bear the brunt of some of his answers or non-answers in the House, I would like to congratulate him on his flair and finesse in answering or not answering questions. Anybody who says that this House is boring would surely be requesting that every question be answered or not answered by the minister responsible for the Treasury. I know that when we retire him from government, he will be well suited to take up writing fiction.

I'd also like to congratulate his department. It's a department that I once worked with. I was impressed with it and its personnel then and I'm impressed with it now. It has not been an easy year to bring out two budgets. I believe they have done an admirable job, and I would therefore like to extend my congratulations to them.

Having said that, there are a few things I would like to raise. Reporting: I have talked to the minister privately and he's been very forthcoming about the question of reporting. I would just like to emphasize some of my concerns in this respect. I harken back to the principle that you can't manage if you can't measure. I think there are weaknesses in the reporting systems for both public accounts and estimates which could improve not only the opposition's review of estimates and public accounts but could probably improve management's ability to review and be held accountable for its progress.

One area of particular weakness is the lack of any formal and official comparison of budgets to actual expenditures. One would think that public accounts could be reported in the same format as the estimates to which they are compared. Instead, the way I read the public accounts, it doesn't seem that we get the detail by element and by object of expenditure that we get in the estimates that are given for the preceding year. If that format could be changed, that would be extremely helpful, particularly for the Public Accounts Committee.

Secondly, summaries by element and by object of expenditure at the aggregate level at the government level would be extremely helpful. As an example, if one wants to determine how much is spent in total by this government on salaries, wages, and benefits, we have to add up each department's total for salaries, wages, and benefits.

Finally, it would be helpful — and I don't know if this is administratively practical or possible — if we could have quicker public accounts reporting. My experience this year is that the public accounts for 1984-85 have just been tabled. That's a year after the end of the year in which the expenditures were made, and 12 months is a long time. Of course, certain expenditures were in fact made at the beginning of that fiscal year, and that would mean that these public accounts could refer to expenditures that are actually 24 months out of date.

Cost cutting: I was pleased, as I think most of us in the House and probably most Albertans were, that the minister has begun to speak of a tough budget. If the minister is beginning to build a case in his public servants' minds as well as in the minds of Albertans to build the kind of consensus required to set priorities in our expenditures in this province by this government, to request Albertans' forbearance in expenditures, and to expect of public servants commitment and determination to cut costs even if it may appear to reduce their personal effectiveness or put more demands on them personally to sustain their

effectiveness, then that kind of message is to be encouraged and I congratulate him on it.

However, I would like to see a greater sense of urgency. I believe we are wasting a year. I believe we probably peaked in our fiscal prowess several years ago. We are in a declining mode at this point; revenues are going down, they're under negative pressure, and costs have not been controlled and seem to be going up without the opportunity or the prospect of real reversal. In these circumstances a year is extremely important, particularly for a government that wants to get re-elected, as I'm sure this government does, in 1990. A year at the beginning of a term is extremely important, because measures can be taken now politically that can't be taken later. If we can be realistic about that in this House, I think it will serve to accomplish what we absolutely have to accomplish now for the '80s and '90s, remembering that it isn't 1976, when revenues seemed to be unlimited and the sky was the limit. We had euphoria; we could do anything we wanted to. Now we can still do anything we want to, but it's not going to be as easy. It's going to take a great deal of determination.

On the subject of messages to civil servants and to Albertans, the minister has started. There are other things that have to be done. To the consternation of some members of this House, I know, I raised the question of car allowances and ex-ministerial car allowances. Today the House leader for the New Democrats raised the question of salary increases for the senior staff of the Premier. I know that seems punitive and mean-minded. However, it's not in any way meant to be that. The point to be made is that messages can be sent very clearly by a leadership that says, "We are making sacrifices ourselves; we will continue to make sacrifices." That has an impact on both civil servants, who can then say, "Jeez, if those guys are doing it, we can be expected to do it as well," and also on Albertans, who can see that in fact times are tough and things have to be done.

In the language of this government I think we see remnants of a '70s' perspective on expenditure. We hear words about Albertans like "Albertans require and expect Cadillac services." We hear defensive programs being made with words like "We spend more money on this program or that program than any other province or any other government in Canada." We hear ministers talking about — and I don't mean to be critical about this, but it's a subtle factor — the first billion dollar budget, the next billion dollar budget, the first for a department, the first for a government, and so on. That's all language that I think reflects an attitude that has to be changed in any government committed to streamlining its administration from effective cost cutting to cutting wastes. What we want to hear isn't that we spend more money than any other government but quite the contrary: that we spend less money more effectively. Those kinds of words, if they're meant sincerely, conjure up a great deal of commitment and a great deal of determination.

Messages: the Heritage Savings Trust Fund. About a week ago the minister and I had an exchange in the House about that. The point there is that while we have to be proud of what we've accomplished in this province and of our fiscal prowess, I think it's very, very dangerous for us to consider that we actually have a \$15 billion savings account when in fact we do not. To summarize briefly, \$8 billion of that money has gone to Crown corporations and is really already spent, and \$2.5 billion is in deemed assets which are already spent. We may have \$4 billion of more

or less liquid resources. That \$4 billion can be compared to a deficit this year of \$2.5 billion to \$3.5 billion, which means that in fact the heritage trust fund cannot be construed as a limitless resource. It too is under pressure, and it puts that kind of deficit squarely into perspective. If we continue to say that we have a heritage trust fund that's a lot of money and that is there if we need it when it isn't, we cause ourselves problems.

As I've mentioned, in negotiating with Ottawa — that's another issue. We also do not send the right kind of message to Albertans about the need for restraint and the need for us to make choices and with their help build a consensus with them. We also send the wrong kind of message to our civil servants, who can construe that as money that's there if we need it when it isn't there.

To move on, we need creative cost-cutting programs. The minister has been quick to point out, "I guess the opposition is saying that we've got to cut people programs." I don't believe we have to cut people programs. I think we can do people programs probably more effectively with about the same amount of money. We're not talking about rampant social spending, but we can look to creative ways of cutting costs: programs of attrition, creative attrition. Esso has done it. They've cut 2,000 people, out of 18,000 nationally, who chose to leave Esso by early retirements and payments to people who want to resign. We can add to that list of possibilities.

Job sharing: it's a great opportunity to provide some leadership that could be effective in the area of women's issues and women's particular employment needs and problems. Although job sharing could certainly assist both men and women, it has that kind of emphasis. Perhaps we can develop a program for incentives for cost cutting, and I know the hon. member for Red Deer — one of the Red Deers ...

AN HON. MEMBER: North.

AN HON. MEMBER: South.

MR. MITCHELL: It was done by both these gentlemen, was it? He has suggested incentives for cost cutting. I believe that that is an extremely good idea, that that can encourage and inspire civil servants to do something that would be very rewarding for them and give them a sense of accomplishment and assist us in achieving what we have to achieve. The emphasis at this point has to be on cutting fat from government and not simply on looking at the obvious and easy, which is cutting people programs. We can't do that. We can't be punitive. At this time government has to find a way to do both economic development, effective and efficient government on the one hand, and effective social programs. We can't be lured into this idea that you can't have one without the other and that there is some form of trade-off. We have to find a way to do both. That's the challenge for government in the '80s and the '90s.

We need a program to focus on cost cutting. I asked the Premier in the House a month ago or so: "Who has the lead responsibility for cost cutting?" My firm belief and all my experience in business tells me you will never cut costs, you will never accomplish anything if one single individual cannot be held accountable, cannot be measured, and therefore cannot achieve and be seen to be achieving by that guideline and under those criteria. The answer was that everybody is responsible: ministers, deputy ministers, and employees. If everybody is responsible, nobody is

responsible. In addition to that, if we're not sending messages with respect to car allowances and so on, we won't accomplish anything. What we in our party would like to see is a set of objectives for the '87 budget, a set of targets, and a very clear commitment. Maybe it's as easy as the minister himself saying, "This is my job, and I will do it. This is what I will achieve, and these are the criteria and the objectives I will achieve. You can measure me on them."

We talked about the Nielsen task force idea. That's a good idea, but we're chaired by the Treasurer. We can bring in people from outside and find those particularly aggressive and eager civil servants and promote them to that kind of a task force. We would suggest that that be done.

Consolidation of departments: it seems to me it had to be an initiative to cut costs. It didn't cut costs. Government costs went up. Total ministerial office costs, despite the fact that ministerial offices have been reduced from 30 to 25, stayed the same. We're left with two deputy ministers in a consolidated economic development department, for 250 people. That's a glaring, outstanding kind of cost that demonstrates to me a weakness in management. I'm not saying that both those people shouldn't be employed in this government. We should find a place for one of them somewhere else, through attrition. There is no reason why we need two deputy ministers in a department with 250 people when we have one deputy minister in the department of public works — and congratulations to that minister — with over 2,000 people. This is the kind of specific initiative and specific question that has to be and could be addressed by a team such as the Nielsen task force.

The Department of Technology, Research and Telecommunications: under department consolidations, why would that even exist? It's got 50 people. It doesn't have to exist. It can be managed by the department of economic development and that department increased from 250 to 300 people. [interjection] No personal offence meant. That is the kind of question that has to be addressed, and those are the kinds of tough decisions that have to be made. The alternative is simply to ask a department and a department's staff to bear down and work harder and do whatever they have to do, to absorb that kind of initiative and get it done properly.

Controls, fiscal management: I only raise this as one example because there may be no other examples. They may be handled properly. But I feel I have to raise it in the event that there aren't broader controls or that these things are happening without being properly addressed. I look at the Auditor's report for the year ended March 31, 1985, Capital Funding for Hospitals, where it's noted that the Foothills Provincial General Hospital and the Provincial Cancer Hospitals ... both issued falsified financial reports to obtain capital funding before such funding was due under the prevailing legislative authorities.

This falsification amounted to going to contractors before the year end and asking for invoices for work that hadn't been done so that the money that would have lapsed in that year's budget wasn't allowed to lapse and the commitments were made. If that were an isolated case and if it didn't appear again in this report, because that was a 1983-84 expenditure problem — but it appeared again in this report by the Auditor a year later. It raises the question of whether it's really been redressed properly. It's not an isolated case. I note that the department responsible for dealing with those hospitals to ensure proper financial report-

ing is guilty of the same kind of infraction. In the same report the Auditor points out that

the Department of Hospitals and Medical Care attempted to charge the cost of acquiring the Lethbridge St. Michael's Hospital against funds appropriated by the Legislative Assembly for [a preceding fiscal year], even though the Hospital was not acquired by the Province until later.

I know that's a problem with the hospital in that minister's area, but it's also a responsibility of the department of the Treasurer to control costs. I raise that and wonder whether those specific cases have been handled and whether there are broader implications that he's aware of and taking steps to control.

Finally, on the area of cost cutting and cost control — just a simple yes or no answer. If we'd get the minister sometimes to answer like the Premier, it would be an interesting exchange of roles. Could the minister please tell us whether there are any financial decisions made by Treasury Board that are not published in orders in council or in the *Alberta Gazette*?

Finally, the financial industry. I know you've been waiting for this. I've covered a lot of this in the past, but it doesn't hurt to repeat, repeat, repeat. I am not meaning to be categorically critical of efforts made by this government in the area of the financial industry. However, it is a matter requiring serious consideration and serious concern. I know the minister knows that. There is a litany of financial firms that have been damaged, that are gone from this province, and that has tremendous implications for our ability to diversify this economy and to stimulate the economy through the private sector.

The white paper on financial markets in this province is a step in the right direction. It had some good ideas. The Alberta stock savings plan is a great idea. Implementation is going to be better than it was, and that's excellent. The SBEC plan and Vencap are good ideas, but I get the sense from reading that paper that it was written by a broker — I think it was Keith Alexander — and that the focus is almost entirely on building equity markets. That's great, because that is an important part of the financial industry; there's no doubt about that. I think there will be a time when Alberta, if it continues in that way, can be at the forefront of building equity markets at the provincial level for a regional economy and a regional financial industry.

But what it neglects to emphasize is the development of more traditional forms of financial institutions, and so I ask the rhetorical questions: how is it that Vencap helps North West Trust; how is it that SBEC helps Heritage Trust; what is it that Vencap ever did for CCB and Northland Bank? In a sense these kinds of institutions are parallel. Their efforts and their area of activity are parallel to Vencap and to SBEC and to that kind of activity which is in the equity side. So there is a gap, it seems to me, in our focus on more traditional forms of financial institutions, and there are problems with those institutions that need to be redressed. I raised it in the House. It was a small point, but I think a point for emphasis, that the department's budget has been cut for that area, for the regulation of trust companies and the like, from about \$1.5 million to \$900,000. That seems to me to underline the lack of a real focus on developing a forward-looking, integrated financial industry strategy.

There are a couple of things that I think should be addressed in such a strategy. One is the question of Alberta's trust companies and the fact that they have a very difficult

time to diversify their investment portfolios, their assets. Traditionally they've been in mortgages, and we know that for any investor or any investment institution to focus on a single asset class is simply asking for trouble. Experience with CDIC in Ottawa, and to some extent with regulatory authorities in this province, will tell you that at exactly the time that an asset clash should not be emphasized, the government begins to get comfortable with it and in fact begins to emphasize it. Our experience in the industry I came from was that when they start telling you to do it, the market has peaked and it's time to get out.

That emphasizes the problem with trust companies' being in mortgages. There are things that can be done to allow trust companies to diversify beyond mortgages. One of them is to redress the problem of matching. CDIC puts a tremendous emphasis on matching. If it's time to be in long bonds and you're only borrowing money for five years, it's very difficult to match. But there are times when that should be allowed, and the last three or four years was one of them. CDIC was forcing financial institutions in this province, and probably across the country, to get out of long bonds at exactly the time they should have been in them. Matching is extremely important.

The other question: another possibility is to allow trust companies to diversify into commercial loans and consumer loans. Right now trust companies can loan about \$5,500 on a consumer basis. Consumer loans, if handled and managed properly, are probably one of the lowest risk areas of lending. They should be allowed to diversify into that area of the financial market.

There's another problem with their competition for low-risk mortgages. Banks moved into mortgages in the late '60s. They took the good mortgages; they left trust companies with a very difficult mortgage market. That kind of imbalance should be addressed in any forward-looking policy as well.

Business loans: the fact is that right now only banks can undertake commercial loans that aren't mortgage based. In Alberta we've lost the CCB and the Northland Bank and probably about \$8 billion worth of that kind of lending, that kind of capital, the amount that would grow, and we're left with the Bank of Alberta — a great institution, no doubt about it, but it hasn't got a lot of assets — and Treasury Branches, which again is government. We have to look to allowing trust companies somehow to get into those broader forms of economic development.

Treasury Branches: I ask a specific question. Treasury Branches put \$85 million into North West Trust and perhaps as much as \$300 million to \$600 million into debentures or guaranteed securities, guaranteed investments. Was there any political involvement at the government level in those decisions? I think it was about \$85 million that they guaranteed for the Persidio preferred share issue and — who knows how much really? — in the order of \$300 million to \$600 million in guaranteed certificates or deposits with that institution. I'm not arguing with that. I am a little bit concerned. I guess \$50 million was deposited with the Northland Bank. Sometimes those things have to be done, and I'm not arguing against that. Given that, I am interested in knowing — I know the minister is making the point that that is really a Treasury Branch decision, but ultimately it's the people of Alberta and his Treasury that would have to cover losses in those areas. What interest, what specific management involvement, has his department taken or would he think to be appropriate?

Finally, the role of the brokerage industry. I believe there is a different role for the brokerage industry or a



different application of the brokerage industry in Alberta that could assist Alberta banks and Alberta trust companies and other investment companies to diversify through other markets. Right now discount brokers are permitted to issue stocks under prospectus with very limited obligation of giving financial advice. I believe it should be considered that trust companies, banks, and so on be allowed to perform that function as well, because that allows them to diversify their economic activities, the services that they offer.

I think Barbara McDougall in her federal green paper really did take a step in the right direction. She considered the four pillars that were conventional wisdoms. Maybe those have to be broken down, because in this kind of environment in the '80s, the '90s, and into the next century, banking is becoming extremely sophisticated. We have the brain power, the education, the computing and other resources in this country, and in fact we have an excellent start in the financial industry in being creative. We could develop a world-class financial industry, and Alberta could perhaps be the leader in that.

Those are my comments.

MR. CHAIRMAN: Thank you, member. Before we proceed, I'd mention to the members of the Committee that although the Treasurer is responsible for the Heritage Savings Trust Fund, we have 12 days coming up on that matter. Before we proceed, I believe the Minister of Transportation and Utilities wanted to make a comment with regard to his estimates.

MR. ADAIR: Mr. Chairman, I just wanted to file the answers to questions that were raised on July 7 in my estimates. Individual copies have been sent to the members that asked the questions.

MR. OLDRING: Thank you, Mr. Chairman. [applause] Thank you, Member for Red Deer North.

I'm pleased to rise at this time. I want to begin by congratulating the Provincial Treasurer on his appointment and complimenting the Premier on a very astute choice. The Provincial Treasurer has shown that he is obviously capable and up to the task ahead of him, as he has demonstrated the past little while in the House.

I want to start off by saying how pleased I am to see the aggressive approach that the Provincial Treasurer has chosen to take in his budget. I was delighted to see a budget filled with new initiatives, concepts, and ideas, a budget that is very appropriate for the current day situation and is not only addressing today's concerns but is looking into the future as well.

I come from a primarily urban constituency, Mr. Chairman, but having said that, there is a very significant agricultural component to it. My riding extends into the rural area only by two or three miles; nonetheless, in Red Deer we've grown to appreciate the significance of agriculture. Having grown up in Red Deer, I recognize that it wasn't that long ago that Red Deer had a solely agriculture-based economy. If the agriculture industry was suffering, Red Deer was suffering. I can recall working part-time in the stores. If the spring was too wet and the farmers weren't getting their crops in, business dropped, and it dropped right away. It was the same in the fall. If it didn't look like it was a good year or if it didn't look like they were going to get their harvest off on time, we felt it in our community right away. So I was delighted to see the priority that the Treasurer has put on agriculture in this budget.

There is a 77 percent budget increase, and of course, the very timely and appropriate 20-year, \$2 billion loan program was announced at the outset of the session. That, combined with the programs that were in existence, has certainly satisfied the farmers in our community. They feel very pleased with the meaningful way this government has responded. They feel very pleased with the meaningful dialogue they've been able to carry on over the years. They appreciate the support this government has offered them.

As I went from door-to-door throughout the campaign — like a lot of individuals in the Assembly today — jobs and the economy came up time and time again. Mr. Chairman, I'm delighted at the meaningful way this budget has addressed what I consider to be the number one concern in my community, and that is jobs — not just jobs for the sake of jobs, not more government programs, not more direct government jobs, as was suggested at one point by a member opposite, but an opportunity for meaningful, long-term employment. We've taken the opportunity to build upon Alberta's natural advantages. It makes absolute sense. I was delighted to see the priority support that the Treasurer put forward for tourism, forestry, and research and technology.

MR. TAYLOR: Energy and agriculture.

MR. OLDRING: We've addressed those already, Nick. We can see the meaningful strides that we've already taken in energy and agriculture and will continue to take. I'm glad we're not just leaving it there. We're continuing to diversify. I say "continuing." I've already talked about the merits of government diversification that we've witnessed in our community. It has worked well. We're not sitting back and resting on our laurels; we're coming up with some new initiatives and ideas and some further diversification. We're continuing to expand on our natural advantages. As an example, in tourism we've just announced a new four-year, \$10 million municipal recreation tourism areas program, funded out of the heritage trust fund. It will help to develop over 100 recreation areas and help to establish us as the ideal tourist destination that we are. [interjections] I'll try not to confuse them with the facts; that's right.

I was delighted to see the emphasis that we're putting on forestry. Again, new initiatives: the new pulp mill at Whitecourt, utilizing the most recent technology available in the world today and building on a natural resource. Our support for research and technology is something that this province can be proud of. We are proud of it. Alberta has world-class standing in the research community throughout the world. We should be proud of our Alberta Heritage Foundation for Medical Research and the Alberta Oil Sands Technology and Research Authority — tremendous initiatives. [interjections] I see I'm waking up some of them on the other side of the House. I apologize if I interrupted your sleep.

Mr. Chairman, I was also delighted to see our Treasurer reaffirm this government's commitment to senior citizens — again, not willing to sit back on our laurels — new initiatives, expanded programs. The seniors' home improvement program, which was scheduled to terminate this coming December, will be extended to the end of 1989 with additional grants of \$48 million, thanks to the initiative of the Provincial Treasurer. The successful and cost effective home care funding program will receive total funding of \$33 million, an 18 percent increase. I think that's most appropriate. It's an excellent program; it's working well,

and it makes sense to see it continue to grow. Nursing home quality improvements will total \$18 million, an increase of almost 16 percent. Six hundred new nursing home, lodge, and auxiliary spaces will be provided. Overall this government will provide \$830 million in benefits to our senior citizens in 1986-87, and so we should. I'm delighted to see us reaffirm our commitment and support to our senior citizens.

MR. TAYLOR: As long as they stay in your institutions.

MR. OLDRING: Nick, I'm trying to ...

MR. NELSON: On a point of order.

MR. CHAIRMAN: Yes, Member for Calgary McCall.

MR. NELSON: Mr. Chairman, the Member for Red Deer South is having some difficulty, I expect, from the noise from the opposite side. It's certainly unfortunate that the members can't keep their mouths closed and listen, as we have. Regarding the point of order, I would suggest that if you rule on *Standing Orders* section 13(4)(b), maybe we can get some quiet for the member to give some commonsense remarks.

MR. TAYLOR: A point of order, Mr. Chairman. Possibly if the member didn't read his speech and instead just mailed it to the Red Deer gazette or tabled it and let us get on with it, we'd be better off. If he would get up and speak ...

MR. CHAIRMAN: Order please.

MR. OLDRING: If he would care to come over here, he'd see that I'm obviously not reading from a prepared text, but I appreciate the compliment. Some of us can babble without reading our notes, Nick. I wish the Member for Westlock-Sturgeon hadn't interrupted me while I was addressing the matter of care for our senior citizens, because really it's only his interests after the next election that I'm trying to protect.

Mr. Chairman, I was pleased as well to see the co-operation this government is now extending to municipalities. I was delighted to see a new incentive, a new program announced by this government, the \$500 million provincial municipal partnership program. But the key element to this program is that it is \$500 million of long-term commitment to municipalities on an unconditional basis. This was a major breakthrough in my mind, and I know that the municipalities certainly appreciate the trust that this government has demonstrated in their abilities. I look forward to seeing the innovation that comes forward from municipalities as a result of having this additional freedom. I can assure all the members that there will be an awful lot of jobs created as a result of that initiative.

I was pleased to note that there were provisions for a 4 percent increase to support both basic and advanced education as well as hospitals and medical care.

MR. CHAIRMAN: Order please. The Chair is having a little difficulty differentiating between the budget debate and the estimates before us. Perhaps the Member for Red Deer South could address his comments to one of the five votes before us.

MR. OLDRING: I'm just summing up, Mr. Chairman. I assumed at the outset when the Member for Edmonton

Kingsway wanted to address the budget on a whole that that was the format and tone we were setting for the meetings this morning, so I followed along those lines. I am close to concluding my remarks.

I'm sorry the Member for Edmonton Kingsway is not here. I'm sorry the official leader of the whiners — I mean the Leader of the Official Opposition — isn't here, but I want to ... [interjections] The whiners are there, even if he's not. That's right. I want to conclude my remarks by commenting on a couple of the statements made by the Member for Edmonton Kingsway. He started out by expressing some concern over the deficit, and I certainly share that concern. As a practice, it's something that I hope we're not going to have to continue. I don't support the concept of deficit budgeting, but in this instance I feel that it was appropriate and necessary for the times.

Having listened to the Member for Edmonton Kingsway express his concern over the deficit and then turn around and talk about his concern over taxation, that we weren't leaving enough dollars in the hands of lower income earners — you know, he wants to hold taxes down, but he doesn't want to have a deficit. It's sometimes hard to jibe these things together; I recognize that. Further to that, I was delighted to note in this budget that there were no new taxes. There were no increases in existing taxation and no increases in our already low health care premiums.

Mr. Chairman, the Member for Edmonton Kingsway commented on supply-side economics, and he made a point that supply-side economics meant nothing more than taking huge amounts of money and throwing them at huge corporations. I would suggest that his remarks on the definition of supply-side economics demonstrate an abysmal ignorance of the most basic fact on economics. He obviously has read nothing on supply-side economics other than maybe a Marxist leaflet that he's picked up along the way.

As I noted earlier, Mr. Chairman, I am sorry that the Leader of the Official Opposition isn't here. As I recall, he started off on our budget by grading the Provincial Treasurer. It seems to me that he failed our Treasurer with his grade system, and I don't know where it came from. Also, at the beginning of our Legislature he used to like to start with a positive. So I've got to say something positive, and then we'll come back with your real medicine. I want to start with something positive, and I want to use the grading system. I want to give the socialist members opposite an A-plus right off the bat. That's the positive, but the A-plus is in whining. Then I want to grade them as it relates to the budget. I have to give them an F-minus, for failing to grasp the very new and real initiatives that this government has taken in addressing the current-day problems.

On that note, Mr. Chairman, I'd like to sit down. Thank you.

MR. PASHAK: Mr. Chairman, I'd like to begin by making a general statement about energy revenues and then proceed to some specific questions and raise two more points after that. I'm particularly concerned that in these desperate times we do not lose sight of the fact that the real owners of Alberta's nonrenewable resources are the people and also the fact that some economic rent should be obtained from every barrel of oil and every cubic foot of gas produced in this province.

The importance of the energy sector to the province cannot be underestimated. We have no sales tax, no gasoline tax, lower comparative rates of personnel taxation, and we

make extensive grants to the corporate sector. All of this is due to the fact that we do get substantial revenues in the form of royalties from our nonrenewable resources. I'm alarmed that some members of this Assembly have suggested that we should do away with royalties altogether. The question that occurs to me is: why should the people of the province, who actually own the oil and gas, give it away for nothing? I don't think a businessman would be so foolish as to give away his assets for nothing.

I believe there are other ways that we could help the oil industry, rather than by reducing royalties. According to the Minister of Energy, our effective royalty rate is currently about 15 percent. John Zaozirny, the former Minister of Energy, on May 6, 1985, suggested that a reasonable rate of return on our nonrenewable resources would be in the neighborhood of 20 percent. Especially it does not make sense to me to reduce rates on oil that's already been discovered. I might point out that even though we're going through desperate times, the shareholders, the multinational corporations received record dividends in 1985, and so far it looks like that picture is maintaining itself during this term.

We think the royalty structure should be simplified. We think relief from royalties could be provided to oil companies, especially the small companies, until drilling costs are recovered. We think small companies could benefit by allowing them to pledge work for leased land. We should pursue the question of getting federal deductibility for royalties that are paid by oil companies. That should be a priority item for the government, as far as we're concerned. We're firmly of the view that grants are not the answer but that if public moneys are provided, it should be in some form of equity participation. I'm suggesting some alternatives, as I believe the minister has asked for.

To get on to specific questions: as my colleague from Edmonton Kingsway pointed out, the government has estimated that it will receive over \$2.6 billion in nonrenewable resource revenue this year. This estimate is based on the government's belief that it will receive about two-thirds of the total revenues that it collected in 1985. That would mean that the average cost per barrel of oil in Canadian dollars during this fiscal period would have to be somewhere in the neighborhood of \$24, as we calculate it. But since January of this year oil prices have plummeted down to about \$15 per barrel in mid-July. That's a far cry from \$24. We're now into the fifth month of this fiscal year, almost halfway through. My question to the minister is: will he tell the House what total nonrenewal resource revenue has been to date? Will he at least provide his best guess for what this total was at the end of the first quarter on June 30?

The minister stated in the House on June 17 that his budget reflects "confidence . . . that prices will firm toward the end of 1986 or early 1987." It's now two months later and prices have yet to do this, although there is some indication that with the OPEC situation some firming may be taking place. Does the minister still maintain the same confidence? Has he determined how high oil prices will now have to rise in order that the government will receive projected revenues?

The C. D. Howe institute, IPAC, the Conference Board of Canada have all predicted depressed commodity prices lasting at least over the next couple of years. On June 17 the minister stated that he felt that increased demand during the winter months would lead to an increase in price, yet on June 23 he conceded that "there is a greater use of

imported crude," that is cheaper than the oil found here in Alberta. My question is: has this increase in imported crude had an effect on the expected increase in demand the minister was referring to on June 17? A further question: has he therefore revised his expectations regarding the increase in demand, and will he table any such demand estimates in the House for public input? Has the minister held discussions with the above-mentioned institutions to determine their methods of arriving at the figures they've published? How do these methods of analysis compare to his own?

In regard to the availability of information used by this government in determining revenue, it concerns me that the minister will not make his methods and figures public. The Premier stated on June 26 that he believed it's important that the leader of the government in Alberta, with the tremendous impact of energy and energy pricing on this province, should always be able to get the best information possible. I agree with him, but I also believe that other members of this Assembly, including members of the opposition, as representatives of the people of Alberta have a right to this information, particularly information used in determining the budget of this province.

Will the government now release for public examination the figures and methods used to determine the estimate figures provided and in particular those figures and methods leading to an estimate of resource revenues? Why has the minister been so adamant in disallowing the people of Alberta the opportunity to see how this government is managing their money? I do not want to suggest that it's because the government has simply played a guessing game, but I fear this may be so.

A further question related to this: is the government planning any further reviews of the budget estimates? Will they be publishing updated figures in this regard? On July 7 in the Legislature the Minister of Energy used a figure of 50 percent when discussing the reduction in the price of oil. Why then does the Treasurer continue to use a 33.3 percent figure? The minister must move to bring these budget estimates in line with the reality of the economic situation facing Alberta today. On July 10 the Premier of this province contended that it was getting dangerously late to still be trying to establish a base as a result of the free fall of oil prices. This government must do better than that in these estimates.

The minister responsible for the estimates we're discussing today is — and I quote from the estimates book — responsible for the collection, management, control and reporting of revenue and expenditure.

This type of responsibility requires realistic assessment and estimates that represent the current situation. Question: finally, will the minister call for a review of these revenue estimates to more appropriately reflect reality? When will the minister do this, and will the minister encourage more input to these estimates in the future by government officials, Members of the Legislative Assembly, and experts in this field?

I'd like to move on to two concluding points. The first one has to do with unfunded pension liability in this province. The amount of unfunded pension liability was estimated at over \$5 billion. It appears to be growing at a faster rate than in previous years. This is no doubt due to the fact that we've got an aging population. If this undisclosed liability had been written on the books, the consolidated surplus for 1985 would have decreased from \$12.6 billion to \$7.25 billion. The Auditor General stated in his report for the year ended March 31, 1985, that

failure to record this liability obviously creates potential for misunderstanding the Province's financial position and operating results.

I'd like some comment from the minister on that. How much is the unfunded pension liability at present? How is the government planning for the future to ensure that these funds will be available upon demand?

As I mentioned before, reports indicate an aging population. How is the government going to assure that the fund does not dry up on the people who will so desperately need it at some point down the road? When is the government going to decrease the amount of unfunded liability in the fund? Do they have any plans to do this? Why isn't the liability reported in the government's financial statements, a move that one would think would better represent the real financial situation of this province?

In looking at that — that comes out of the Auditor's report — I was also interested in a comment made by the Member for Edmonton Meadowlark about the Public Accounts Committee. As the chairman of that committee, I've had some concerns about the way it operates, its rules of procedure and that sort of thing. If that committee engaged in some procedural changes, I think it could be of great help and assistance to the Minister of the Treasury. I'd welcome some opportunity to meet with him at some time to talk about some concerns that we have in that committee.

Thank you very much.

MR. TAYLOR: Mr. Chairman, I will be very short. The speeches have been excellent, particularly from the members for Edmonton Kingsway and Edmonton Meadowlark, in asking many of the questions I would normally ask, but I want to centre a little bit more on the Treasury Branches, if I may talk to the Treasurer. One of the things that bothered me through the years is how often the Treasurer or the Alberta government hides behind the skirts of the fact that the Treasury Branch is supposedly operating as an economic entity and is not in any way, shape, or form answerable day to day, month to month or, you might even say, year to year to this Assembly. I have dug out the Treasury Branches Act. It was last brought up to date on January 31, 1984, although as you know, the Treasury Branches were established by the old Social Credit government because they didn't feel that the eastern bankers were giving to the people of Alberta the type of service they needed.

There are a number of interesting things. Clause 2 says:

The Minister may, on behalf of the Crown, establish and operate branches of the Treasury Department at any places in Alberta that he selects.

In other words, the hon. member for Lethbridge could put one into Fincastle, Purple Springs, or anywhere he likes; he has the complete authority to do it. If that doesn't show a good deal of power, I don't know what does.

It says in clause 2(4)(b) that any power "shall be deemed to be exercised and performed on behalf of the Crown." In other words, the local manager is an agent of the Crown, an agent of the government, so the idea that somebody is off there operating on their own and is not answerable to the Treasurer doesn't wash if you look through the Act. Move down to the end of clause (2). The superintendent may, subject to this Act, do any act or enter into any agreement for and on behalf of the minister. In other words, the superintendent can bind. It's like the New Testament says: whatsoever thou shalt bind on earth shall be bound on earth; whatsoever thou shalt bind in the Legislature shall

be bound in the Legislature — if you'll excuse me for misquoting the New Testament.

You go on a little further:

11. Every treasury branch facility

(a) is under the administration of the Minister.

In other words, we can't dodge the point that the minister is in charge. There's nothing wrong with that. I'm just trying to point out that the Treasury Branches are very, very much a tool, are very much an instrument to be used by the government in the power of the government of the day, which leads me to a next question, and it bothers me somewhat.

In my international business circles, for instance, whenever I wanted to do any banking, whether it be in Cairo, the Middle East, or London, I always had to deal with the eastern branch of one of our main banking systems, whether the Royal, Nova Scotia, or anything else. I would submit that, as the hon. Member for Edmonton Meadowlark has pointed out and the Treasurer has occasionally aspired to, if we're going to become an international banking centre or an international administration centre or an international financial centre, whatever words you want to pull together, not only are resolutions and amendments and renovations needed in our financial structure, but possibly we should be taking a good serious look at making the Treasury Branches into a real bank. If you call a real bank — I'm speaking just about what is under the definition of the Canada Act. It is hard for companies. If we are going to expand into the international sphere, bid on contracts, put up bonds, get seed money sometime to get contracts in a foreign field — if the Treasury Branches were an actual bank, it would be a great help that way.

You may say that the Treasury Branch has the right to underwrite a bond or give a guarantee, but I can assure you that if you walk into the government of Egypt in Cairo and tell them that the Treasury Branch is backing you, that would be about the fastest way I know of getting escorted out the door. The fact is that if the Treasury Branches were established as a bank, they would have federal recognition anyhow. A letter would go out from the federal government saying that the Treasury Branches or the bank of whatever we want to call it has the right to be called a bank and has all the rights and privileges that a bank has.

That leads to another area. We're very proud of our heritage trust fund. I agree with the Member for Edmonton Meadowlark; I think it's about time that we took a good look at it. The Treasurer is quite familiar with legal and accounting practices; he knows that just as soon as you start to understand the accounting and legal business of how you report a business in Canada, they change the Act. So maybe it's about time we started changing how we report on our heritage trust fund, to try to show in more realistic terms the actual amount of liquidity that is there and maybe transfer off to another area the so-called assets, because I think it's mistaken by many people in Canada and it's hurting our position negotiating with Ottawa and also in interrelationships with other provinces. I think the Treasurer is maybe even more skilled and informed on this than I am. I think he's aware that if you form as an actual bank, the amount of credit that you can put out is much greater than what the Treasury Branches now can put out. A bank supposedly — somewhere in the nature of \$1 deposits puts out \$16 in credit. I'm just speaking generally. But we could use the Treasury Branch credit to help our businesses and

help our diversification in Alberta much more if it was set up as a bank.

Lastly, there seems to be some sort of attitude that I detect running through the government benches time and again. They're worried about competing with the banks. They're worried that maybe they're going to put out money a little cheaper than the banks do. They're worried about upsetting the banks. I'd like to assure them, as somebody that dealt with banks all over the world for many years, that the banks aren't that worried about you. In other words, if you get out there and put out a few loans and get some others, they're not really going to be that upset. Banks have fairly big attitudes, and as long as they can sort of buffalo or bluff you into thinking that — and I've heard some of the members on the Tory back bench over on the other side sitting there worrying, almost with trembles in their voices, that if for instance a debt adjustment board or some other communist type of organization was ever set up to arbitrate between the debtor and the creditor, it could cause the banks to leave. I assure them that if they left for 12 hours, I'd be surprised. Banks lend money not to foreclose; banks lend money to make money. Consequently, I don't see the attitude and the idea — at least it wouldn't be a valid argument in my opinion — that making the Treasury Branches into an actual bank would hurt, offend, or drive out the regular banks. It's not a valid conclusion whatsoever.

That I think is as short as I can make it. I just wanted to hammer on the Treasury Branch being expanded into a real tool to help our people, help our diversification, and help us in the international business scene. Thank you.

MR. HAWKESWORTH: Mr. Chairman, I wonder whether the questions that have been posed to the Provincial Treasurer in the last few minutes and so on in the course of these estimates are going to be dealt with. Looking at the hour, I would be quite prepared to forego my place in the speaking order if that would allow time for the Provincial Treasurer to answer some of the questions raised.

MR. CHAIRMAN: We have the Member for Calgary. McCall who is also on the list. Mr. Minister, would you care to respond to the Member for Calgary Mountain View? The Member for Calgary Mountain View has asked a question. I take it he has no further comments?

MR. HAWKESWORTH: If the Provincial Treasurer is prepared to answer questions, I'd be prepared to forego my place in the questioning.

MR. CHAIRMAN: Then that question would have to be put to the Member for Calgary McCall, who has indicated a desire to speak.

MR. NELSON: Go ahead.

MR. JOHNSTON: Mr. Chairman, with respect to the time remaining, I will do what I can to perhaps deal with more of the broader policy questions which have been raised. As has been the tradition with respect to other estimates, I will in terms of my ability provide some follow-up to some of the particular questions which have been noted. I wanted to deal, however, in a very broad way with the Treasury Department estimates themselves, following up on the comments made by my colleague from Edmonton Kingsway, in that I think I can deal essentially with some of the very broad changes in expenditure which have been raised by

that member. I did so to some extent in my opening comments as well.

The major change in the grants which he requested and the major increases in the vote 3 expansion really are a result of the \$60 million increase in the farm fuel distribution allowance. That \$60 million is the largest chunk of expansion which has taken place in my department; therefore, that essentially is the change which is there. I will attempt, however, to enumerate additionally some of the more detailed questions which he has asked. I should say as well, though, that with respect to that pension amount which was raised, that's an old anomaly. It's an old pension plan which goes back before the current MLA pension plan, and there are few people which are still affected by it. It's cast into this vote, and it's cast into this department to manage this responsibility. It's not a new pension plan, and it's not really a very big problem.

With respect to asset purchases in a general sense, the essential expansion in asset purchases within this department has been for electronic computing systems, microcomputers, and more sophisticated information systems so that we can do a variety of things in response to suggestions, requests for information, and criticisms of lack of information flow. I guess I can justify that because you're saying to me that we're not doing it effectively enough. We're trying to foreclose some of that criticism next year, I hope.

I must admit that I lost the context of the question with respect to statistical services. I will, however, check the words and give a written reply on those sections.

Finally, with respect to one other change which does show up in the budget, and that's the increase in interest charges, we changed the way in which we dealt with the banking system this past year. Previously we worked on a minimum deposit basis, where we would leave money in the various banks and they would charge us a more nominal fee. We found that we could do better in terms of investing the money; instead of maintaining minimum deposits, we pay an up-front charge. It does two things. It maximizes our return on the money which would normally be invested or left as deposits with the financial system; secondly, it provides clearer disclosure of what the cost of banking will be in terms of the estimates here. So there has been a fairly substantial increase in the banking costs. That essentially is what has happened; we've changed the way in which we deal with the banking system.

First of all, let me deal with the broad fiscal measures, which to a great extent have been at the heart of many of the concerns. It would be naive for me to say that I as well am not concerned about the size of the deficit — one who always believes that the size of government deficits must be seen to be an alarming trend, if that is to continue over a period of time. I have often been wanting to talk about the fallacy of the deficit position taken by other large governments. Our deficit, however, is manageable, in the sense that we have no accumulated debt to speak of at this point, and that's the message we're attempting to get across to the people of Alberta. We have a very solid foundation in terms of investment and a variety of infrastructure items. We have the heritage fund in place, and we have essentially a very strong General Revenue Fund as well, and that of course must be a very good position to be in if you're going to initiate any kind of debt whatsoever.

Deficits are appropriate if you can find a way in your own time to repay that deficit or to manage it in some fashion. I'm not too sure what tests you'd apply as to reasonableness of the amount of debt, but I guess some of

the tests which have been applied by other institutions, the International Monetary Fund, other government analyses, or other interprovincial comparisons would hold. It would be seen that even with this deficit of, say, \$2.5 billion, financing all of that this year, we would still have a very nominal per capita percentage debt and our percentage servicing costs would be something below 2 percent. So it really isn't a significant deficit, providing that you can find a way to correct it in the future. And that's where you must come back to the discussion about the fiscal options facing any government.

I think the Member for Edmonton Meadowlark made the very important points that it is now time for us to examine ways in which we can be more effective, more efficient. We have to send some fairly significant messages through to both the users of government services and the people within government itself. I for one believe that one of my greatest and perhaps more difficult responsibilities in the near term is to try to bring some sort of semblance of control back into the expectations which this budget provides.

I would have to say that the '87 budget will have to be more carefully crafted. We'll have to be more serious about the kinds of priorities we want to achieve with the kinds of resources available to us. Of course, in looking at '87-88 we'll have to take a balanced position, balanced in the sense that all the fiscal options should be used. But I think that given the resources which the province has and the optimism which we share for the future of Alberta both in terms of the tax sources which are here and the nonrenewable resources which are coming to us, we can do a fairly good job of managing the resources and this particular two-sector problem through 1987-88. But the many items mentioned by other members wherein they suggest that it's time for us to be more careful in our allocation and perhaps use more sophisticated management techniques with respect to how we evaluate investment or expenditure decisions must be very, very important recommendations, comments, and suggestions, which I like to hear and which, of course, I will take as direction as well.

Let me talk a bit about the revenue side. No doubt it is easy to suggest that the revenue assumptions are wrong. If you are going to pick any weakness with the budget, you'd have to pick the revenue side, because, as in past years, the revenue side of our budget has always been the difficult one for us to secure — not just this year but historically, in previous years. As a result, when we brought down a \$300 million deficit two years ago, suddenly that \$300 million deficit turned out to be a billion dollar surplus. Those are the kinds of swings we deal with in terms of this province of ours. But I'm not about to change my view. I'm not as pessimistic as some members are with respect to the revenue forecast. I believe that there is a certain settling and a new confidence being brought to the industry with respect to some of the initiatives taken by OPEC. I believe that the demand function will change fairly significantly and will in fact multiply as opposed to simply add if OPEC is able to maintain its reduction in production and if, in fact, demand picks up by the normal seasonal changes which take place.

With respect to the monitoring, of course, we do have a committee between Treasury and Energy which certainly monitors the revenue flows to the province on a day-to-day, almost month-to-month basis. But they're very difficult to calculate, because you have to have co-operation from a variety of information bases to make those calculations:

the Energy Resources Conservation Board, the Petroleum Marketing Commission, internal information, and a very sophisticated system to bring all this data together. But we do that, and it's a joint venture by the two departments. I can say to you at this point that we're not far from our projection. I think that as we move through the second half of 1986, we will find more confidence in our projection. But at this point I'm still indicating that the one-third reduction assumption which is found in this budget will be fairly close, in my view, to the reality through the next year.

Let me turn to the financial industry. I thought the Member for Edmonton Meadowlark made some very significant and very positive suggestions with respect to this industry, one which he obviously has familiarity with, expertise in, and a vision as to how it can be a central focus of diversification within this province, a view shared by myself and many of my colleagues. Of course, the unsettling effect over the past two to three years makes you wonder whether or not these visionary attempts are worth while when in fact the world forces and other forces tend to shake or at least crack the integral foundations which we're attempting to put in place. But we are moving, and I think the outline of these four or five programs, which have been government sponsored or government initiated, are important. I think they will be fundamental to bringing new investment back here and to building on the strategy for strengthening the private sector.

I note that all the financial institutions, including the major banks, have had a difficult period. Real estate values have caused some difficulties for them, and of course we've seen the run on a variety of trust companies which has caused us all some concern. Even the Treasury Branches, which the Member for Westlock-Sturgeon talks about, will in fact suffer losses this year as a result of reduction in real estate loans, and we will have to deal with that later. I would only make one note with respect to Treasury Branches. At no time, Mr. Chairman, have we avoided the responsibility for Treasury Branches. The legislation quoted is in fact accurate. All we do in terms of a corporation is not include it in this department but when they consolidate the statements of the province, those Treasury Branch dollars are in fact consolidated. So we have a problem with the Treasury Branches, because if we have losses in Treasury Branches, where is that loss charged to? Well, it goes into some kind of a negative deficit or negative surplus. I don't know if that exists in financial terms.

Mr. Chairman, because of the pressure of time, I will simply say that I appreciate the comments. We will do our very best to provide specific responses to the questions asked.

MR. YOUNG: Mr. Chairman, I move that the committee rise, report progress on today's activities, and request leave to sit again.

[Motion carried]

[Mr. Speaker in the Chair]

MR. GOGO: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, reports progress thereon, and requests leave to sit again.

MR. SPEAKER: Having heard the report and the request for leave to sit again, does the Assembly agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed, if any? Carried.

MR. YOUNG: Mr. Speaker, by way of information to hon. members, it is not proposed that the Assembly sit on Monday evening or on Tuesday evening of next week. Monday is the 25th day of consideration of the main estimates, and since some hon. members may have remarks they would wish to make with respect to the capital fund estimates or the supplementary estimates — those are the special warrants — for the years 1985-86 or '86-87, it is proposed that these estimates will be presented for the first hour on Monday

afternoon and after that the estimates of the Department of Consumer and Corporate Affairs.

Mr. Speaker, I move that the House now adjourn until Monday afternoon at 2:30 o'clock.

MR. SPEAKER: The question is put on the motion by the Acting Government House Leader. All those in favour of the motion, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, if any?

[At 12:59 p.m., pursuant to Standing Order 4, the House adjourned to Monday at 2:30 p.m.]

