

**LEGISLATIVE ASSEMBLY OF ALBERTA**

Title: **Wednesday, August 13, 1986 2:30 p.m.**

[The House met at 2:30 p.m.]

**PRAYERS**

[Mr. Speaker in the Chair]

head: **TABLING RETURNS AND REPORTS**

MR. M. MOORE: Mr. Speaker, I'd like to table a response to Question 164.

MR. GETTY: Mr. Speaker, I'd like to table with the Assembly four copies of the communiqués of the 27th annual Premiers' Conference.

MR. YOUNIE: Mr. Speaker, I wish to table a return requested by the Minister of the Environment on July 16 of this year when, in response to a question I had asked about landfill sites in Alberta, the minister said, "I would ask the Member for Edmonton Glengarry to kindly identify his bibliography of research." So I am doing that today.

I would take this opportunity to invite the minister at his earliest possible convenience to also make good his commitment, given at the same time, to "file with the Legislative Assembly ..."

MR. SPEAKER: Order please. The time for tabling is to do just that rather than make the statement.

head: **ORAL QUESTION PERIOD**

**Premiers' Conference**

MR. MARTIN: Mr. Speaker, I'd like to direct the first question to the Premier. It has to do with the Premiers' Conference. We've had many sunny reports, but other than a warm glow there doesn't seem to be much substance, at least that I've been able to pick up. There did, however ... [interjections] Don't be touchy. Sensitive, eh?

SOME HON. MEMBERS: Question.

MR. MARTIN: What would we do if we didn't have the backbenchers to yell "question"? What would they ever do?

My question is about the free trade talks, if I may. There seems to be somewhat of a difference of opinion between this Premier as Chair of the meeting and at least two others on support for the free trade talks. On a point of clarification, did the Premiers endorse free trade talks moving ahead at full speed? If not, why did the Premier leave that impression?

MR. GETTY: Mr. Speaker, when we develop a communiqué — at least, I as chairman of this conference — we make sure the Premiers have the freedom to disassociate themselves from the communiqué. Rather than it being unanimous —

in which case we say, "The Premiers agreed" — we switch to a consensus, which leaves Premiers the right to disagree. The Premiers agreed on the communiqué on free trade. They had every chance to disassociate themselves with it or ask that it be merely a consensus. They agreed in the meeting, and that communiqué was then made public. They had every chance to say in advance that they didn't agree with it. When the communiqué is made public, if one of them wants to go outside and say something different, that's his prerogative. I can't control him once he has left the conference itself.

MR. MARTIN: I guess free trade wasn't quite as sunny as we thought.

A supplementary question to the Premier. I'd like to move into deficiency payments to farmers. It seems to us they turned that down because it would throw a monkey wrench into free trade talks. Would the Premier indicate why there was no specific, strong demand regarding a deficiency payment for our producers?

MR. GETTY: First of all, Mr. Speaker, the matters on free trade were very sunny, and there was a hundred percent agreement. That's why the Premiers agreed on free trade matters as contained in the communiqué.

Secondly, Mr. Speaker, the hon. Leader of the Opposition raises the matter of deficiency payments. It's very clear that the four western Premiers endorsed the matter of deficiency payments at their meeting in Swan River, Manitoba. There was some additional discussion in the Premiers' Conference. The matter was unable to come to a consensus, and we therefore didn't discuss it. It didn't change the fact that the western Premiers still very strongly endorse that matter.

MR. MARTIN: A supplementary question flowing from the Premier's answer, Mr. Speaker. Because we've been unable in this Legislature to see how strong the commitment to deficiency payments was, is it now the Alberta government's position to push the federal government for deficiency payments? If that is so, what amount of money is the government prepared to ask for?

MR. GETTY: First of all, Mr. Speaker, it is our position that if a deficiency payment is needed, we will push for it. Secondly, in the coming months we want to assess just how much of a deficiency payment is needed. That would of course dictate the size.

MR. MARTIN: A supplementary question. I understood the Alberta government signed an agreement at Swan River that said we needed it. Now the Premier is saying, "If we need it." Which is it? Are we for deficiency payments or are we not? I think Alberta producers want to know this.

MR. GETTY: My previous answer dealt with that, Mr. Speaker. We are for deficiency payments in the event that our producers need them. We feel it is one way of fighting back against the external events and forces that are hitting our agricultural producers.

MR. TAYLOR: A supplementary to the Premier, Mr. Speaker, back to the original question on free trade. In the talks between Canada and the U.S. is Alberta pressing to see that the U.S. right to countervail is going to be up for negotiation, or is it on the table for negotiation?

MR. GETTY: Mr. Speaker, the trade talks cover the whole area of matters involved in trade. I wouldn't get into the details in the House now. We have Ambassador Reisman negotiating for us, and I think he will deal with matters as they come. We will have reports; we will approve certain things. I don't think it helps to try and pick out any individual subject.

MR. R. SPEAKER: Mr. Speaker, a supplementary question to the Premier. It's relative to the original question on free trade as well. Yesterday there was a meeting of the Representatives' subcommittee on Canada/U.S. trade, and it resulted in a very negative reaction toward free trade initiatives, despite the fact that Peter Murphy, the U.S. chief negotiator, was the key witness. In light of this American protectionist sentiment that was in that committee hearing, coupled with Monday's communiqué we had in Alberta announcing that the Premiers will not let major Canadian resource sectors like agriculture, energy, and lumber be ruined by international competition, could the Premier indicate at this time what the feeling is with regard to success of the free trade negotiations? Does the Premier see the upcoming American election as having a greater impact on possible progress?

MR. GETTY: Of course, Mr. Speaker, in the separation of powers the United States has an administrative branch, a congressional branch, and a judicial branch. Sometimes they are not in accord. It's clear in our minds and in the mind of the Canadian government that the executive branch is in favour of free trade and is aggressively pursuing the matter of free trade.

There are pockets of protectionism throughout the congressional branch in the United States, and it is highlighted in an election year. However, I would not want to speculate on the success of the negotiations currently under way, except to emphasize how important they are, how important their success would be to western Canada and certainly Alberta since we produce much more than we use, and thirdly, to emphasize how strongly the Premiers endorsed those free trade initiatives yesterday and the day before.

#### Gasoline Pricing

MR. MARTIN: I'd like to direct this question to the Minister of Consumer and Corporate Affairs. Given reports that four major oil companies have raised their wholesale gasoline prices to independent gas retailers by, I believe, between 1.5 cents and 3 cents per litre, my question is: what actions has the minister taken to try to protect Alberta consumers from unfair price increases for gasoline?

MISS McCOY: Mr. Speaker, it's my understanding that the matter to which the member opposite has referred is something that has happened in the province of Ontario and has not happened in the province of Alberta. Of course, to that extent I couldn't comment. I would say, though, that gasoline prices at the pump are not regulated. The price is determined by competition at the pump, and to this extent the government of Alberta does not participate in those prices.

MR. MARTIN: The minister is correct. It started in Ontario, but it's going across Canada. The price increases will be here. I'm a little puzzled by the answer.

A supplementary. Is the minister then saying that it is government policy that major oil companies can do whatever they want in the retailing market, and the government will just sit idly by?

MISS McCOY: Mr. Speaker, let me comment first that the question is either hypothetical or anticipatory, and if the leader is encouraging the process to come across from eastern Canada through Manitoba to Alberta, then I certainly would like to have more information in that regard.

Furthermore, it is of course not the policy of this government to, as he says, "allow oil companies to do whatever they want." I think if he were listening in this House day in and day out, he would understand that the policy of this government is to protect the resources of this province and to have them used in whatever is a fair and equitable way for all Canadians and all Albertans.

DR. WEBBER: Mr. Speaker, I just wanted to supplement the answer of the hon. minister. Action is being taken by our government with respect to the concern expressed to us by the producers in this province that refiners were purchasing the crude at prices below what they should. Indeed, the Alberta Petroleum Marketing Commission has had discussions with the refiners in the past week, and I intend to have discussions as well to find out why.

MR. MARTIN: A supplementary question. I'll come back to the minister, but just to go back to the minister of corporate affairs: will she be undertaking any study at all then to see why it takes three months for prices for consumers to fall as world prices fall, yet it seems to take only about three hours when prices go up?

MISS McCOY: Again, Mr. Speaker, I have difficulty answering a question that is full of misinformation. Without taking a great deal of time to relay the facts of the situation to the opposite side, which seems not to be what they want in any case, let me say once again that consumer prices are set by competition at the pump. The Minister of Energy may again wish to supplement the answers. The position in Alberta is that the price of oil and gasoline is dealt with upstream, not at the pump.

MR. MARTIN: My supplementary question is to the Minister of Energy, coming back to his statement about producers, because that's the other end of the equation. Could the minister be a little more specific and tell us exactly what measures he is taking to ensure Alberta producers receive the full benefit of this recent increase?

DR. WEBBER: Mr. Speaker, I've indicated that the Alberta Petroleum Marketing Commission is having discussions with the different integrated companies to outline to them our concern about the posting prices that have taken place since the fall started in January. As I indicated a minute ago, it's my intention to follow those up with discussions myself to see whether or not there are ways in which we can have the posting price reflect more what the Chicago posted price is. There may be an increased role in that process for the Alberta Petroleum Marketing Commission.

MR. TAYLOR: Mr. Speaker, back to the minister. I'm glad of her faith in free competition. I hope she still believes in the tooth fairy. Would the minister launch an investigation or give an answer to the Legislature as to why refiners

charge 25 to 35 percent more today than they charged two years ago to turn a litre of crude oil into a litre of gasoline?

MISS McCOY: Mr. Speaker, I am not anticipating that course of action. Again, I think if the member were to listen to the Minister of Energy, it would be obvious to him that there are some discussions going on with producers and hopefully with refiners, and that is what your question is directed to.

MR. R. SPEAKER: A supplementary question to the Minister of Energy. The Minister of Energy has mentioned that alternate solutions are being considered by the government relative to the energy industry, one of those being the 5-cent per litre increase in taxation, possibly at the federal level. With this potential increase in cost of maybe 2 cents to 3 cents per litre, in his activities is the minister having discussions with the various oil companies in terms of such increases relative to the new policy that may be announced by the government that it may include a federal tax increase as one of the potential policy alternatives?

DR. WEBBER: Mr. Speaker, there are a number of factors that go into the price at the pump, not only what the refiners or the service station operators get as a return but also taxation. The federal tax return to the federal government has not changed that much since prices have fallen.

In January of this year the federal government had a take of about 11.5 cents per litre on a 47-cent per litre price, and in June of this year at 36 cents per litre, the federal government take was about 9.5 cents. It's the producers and the provincial government whose take has decreased from about 8.5 cents to 3.5 cents. I mention that as an indication of the different takes.

The comment about the 5 cents per litre. I was not advocating that the federal government should put a 5-cent per litre tax on at the pumps. I indicated that is one possibility they may want to consider, whether it be 5 cents, 1 cent, or 2 cents. That's up to them to decide where they're going to find revenues in terms of dealing with an energy problem in this country. We intend to make a proposal to the federal government and, of course, it's up to them to decide where the money is going to come from.

MR. GETTY: Mr. Speaker, I would just point out that darling of the NDP and the Liberals, Petro-Canada, surely wouldn't do things like this.

DR. WEST: In view of the recent conversation, a supplementary to Consumer and Corporate Affairs. Pricing in our area has gone from 26 cents to 29 cents a litre this weekend. Would the minister indicate that if there is no interference with the price rises that take place on a retail basis, we won't have any interference with the lowering of it either?

MISS McCOY: Mr. Speaker, it is not the policy of this government to regulate consumer prices of gasoline at the pump. Competition between vendors regulates that market.

#### **Federal Agricultural Initiatives**

MR. TAYLOR: Mr. Speaker, I hope the hon. member from the back bench now understands part of our feeling when he asked the question.

This is to the Minister of Agriculture, Mr. Speaker, or he may want to pass it on to the associate minister. Alberta

farmers recently received one more kick in the trousers, that the federal Tory government doesn't give a damn about their 20 Tory MPs or even the Legislature here. The federal Department of Agriculture announced yesterday that they are going to spend \$35 million to increase feed grain production in the maritimes, much to the detriment of Alberta farmers. Will the Minister of Agriculture tell us if he was consulted on this initiative before it was undertaken?

MR. ELZINGA: Mr. Speaker, in response to the hon. Member for Westlock-Sturgeon I can indicate to him that no, I was not consulted relative to the announcement by the Hon. John Wise on July 25, whereby there is a five-year commitment to expend \$35 million in the far eastern provinces. I can share with the hon. member that there is concern as it relates to the province of Alberta and this expenditure for the precedent that is being set. But I'm also encouraged by the agreement amongst the provincial Premiers at the Premiers' Conference, whereby they are agreeable to and are going to pursue the removal of barriers between provinces so we do have some consistency all across Canada as it relates to not only agriculture but all other sectors.

MR. TAYLOR: Mr. Speaker, to the minister. I'm glad he sees some sun in the clouds somewhere. But does the Minister of Agriculture know what the economic impact on Alberta grain producers, particularly barley producers, will be because of this subsidy?

MR. ELZINGA: Mr. Speaker, we've had our departmental people do somewhat of an assessment, and it has been an initial assessment. I should share with the hon. member that to date the assessment shows that the impact is going to be very small. It is going to have a greater impact on the corn producers in Ontario.

MR. TAYLOR: Mr. Speaker, to the minister. I would like to share my research with him and underscore the fact. Is the minister aware that Alberta's share of the 250,000 tonnes or \$30 million market will be lost in the federal fiasco and will be in the nature of maybe as much as \$10 million over the next number of years?

MR. ELZINGA: Mr. Speaker, I have nothing further to add to the response I gave the hon. member earlier indicating to him what our initial assessment has shown. Unlike the hon. member opposite, we believe there is great hope and vitality in this province, and we are going to sustain whatever hardships are endured. We've consistently supported the agricultural sector so we could continue to sustain this very dominant role in the economic affairs of this province.

MR. TAYLOR: Mr. Speaker, to the minister. I agree with him; there is great hope in this province, and it is that they'll vote Liberal next time around. As a former federal Tory MP, can the minister explain how or why his former colleagues would offer the maritimes a \$35 million production program at the same time a \$16 million trade assistance program was offered to western Canada? How would they put in these counterproductive schemes?

MR. ELZINGA: Mr. Speaker, the hon. member amazes me with his intelligence. The \$16 million program is related to eastern Canada not western Canada, because they are two contradictory programs. The one offsets the other, which

I agree with the hon. member is ridiculous, but it has nothing to do with western Canada. I should share with him that a number of these programs were instituted and were in place when his dear friends were in power.

#### **Constitutional Amendments**

MR. R. SPEAKER: To my colleague, Mr. Speaker. There is farmer optimism in the Liberal Party now: next year will be a better year. I couldn't resist.

Mr. Speaker, my question is to the Premier, and it's relative to the constitutional discussions that took place in the first ministers' meeting in the last few days. The new constitutional amending formula proposed by Quebec Premier Bourassa guarantees Quebec a veto. Will the Premier commit to oppose any amendment formula that allows one individual province veto power in constitutional changes?

MR. GETTY: Mr. Speaker, I don't think we should go into any discussions declaring a whole series of positions in advance. As a matter of fact, in our meeting we did not pursue a discussion of Quebec's five proposals. We agreed that the five proposals, as outlined in the speech by Premier Bourassa in his Legislature, would be a basis for discussion. But there may be other proposals; there may be counterproposals. What we agreed to was to set as a top constitutional priority — and I might point out that Alberta's top priority in this conference was not the Constitution but rather the economy, and the significant strides we made were in that area. Nevertheless, we did agree that Canada's Constitution is flawed when one large province is not a part of that Constitution. Therefore, we've set in place a process which will allow us to see if there are ways to fully bring Quebec into the Canadian federation. I think that would be good for Canada.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. A number of other items were placed on the table for discussion, such as the federal spending authority in Quebec and the appointment of Supreme Court judges. Could the Premier indicate what type of schedule is now in place? Is the schedule left open and would it be met according to need at a point in time, or is there a two- or three-year schedule in place to discuss these specific matters?

MR. GETTY: Mr. Speaker, when you're dealing with something, as sensitive as amendments to the Constitution or that might be involved in this case, it's hard to speculate about the time that might be taken. The schedule, as we generally understand it, is that the province of Quebec's intergovernmental affairs minister will immediately be touring each of the provinces explaining their position on the five proposals and exploring whether there are counterproposals that provinces may want to take.

After that there will be federal/provincial meetings, at which time each province will designate a minister from their province to be involved to further investigate any discussions on a federal/provincial basis. Then I assume at some stage, should things progress satisfactorily, we might be involved in a first ministers' meeting also discussing those proposals, other proposals, and seeing if there is some possibility of bringing Quebec fully into the Canadian federation.

MR. MARTIN: A supplementary, Mr. Speaker. In view of the possibility advanced by Quebec at least about a veto

for them, was any discussion given to native groups who have a great deal of concern about a Quebec veto before their relationship in Canada is clarified?

MR. GETTY: As I said earlier, Mr. Speaker, we didn't get into the details at all. That is for the future when the process begins.

MR. TAYLOR: A supplementary, Mr. Speaker, to the Premier. Would the Premier share with the Legislature which of the two proposals he prefers, the 75 percent majority vote or each of the four regions of Canada having a veto?

MR. GETTY: No, I wouldn't, Mr. Speaker.

#### **Agricultural Communiqué**

MR. HYLAND: Mr. Speaker, my question is to the Premier relating to the communiqué on agriculture. I noticed in the last line of the communiqué that the Premiers relate to issues in the next GATT negotiations. I wonder if the Premiers are pushing for observer status at the GATT negotiations so the observers can readily report to the provinces about what status we have in agriculture at those negotiations.

MR. GETTY: Mr. Speaker, it was a major point with the Premiers that we have full participation in the various trade negotiations. In the GATT negotiations we're extremely pleased that Alberta's Minister of Federal and Intergovernmental Affairs has been invited to participate and will be participating in initial discussions in Uruguay in September.

MR. HYLAND: A supplementary question, Mr. Speaker, again to the Premier. In the communiqué they relate to commitments to remove internal barriers. I wonder if the Premiers have instructed their ministers of agriculture to meet to remove these barriers and to see that things, as one of the previous questioners said, don't appear in agriculture as policies giving unfair advantage to the other areas of the country.

MR. GETTY: Yes, Mr. Speaker. The government of Alberta considers this a very important matter, and various ministers of our government have been asked to work with other provinces to ensure that we remove as many of the inter-provincial barriers existing in Canada as possible.

MR. HYLAND: Mr. Speaker, another supplementary to the Premier. In the communiqué it is noted that the Premiers deplore the recent U.S. action of subsidizing their market products, especially grain. I wonder if the Premier has again instructed the Minister of Agriculture or the Minister of Economic Development and Trade to get together with the Canadian Wheat Board and other ministers to see if they can assist the Canadian Wheat Board in moving some of our product to other markets in the world, especially what the Wheat Board now calls junk grains that aren't in great quantity but are very important to certain sectors of this country.

MR. GETTY: Mr. Speaker, over the past period of time the Minister of Agriculture for this province has been dealing with the Canadian Wheat Board along these very lines. But might I say that there is new impetus and new support for

many of the things that Alberta is doing and wants to have done in the future as a result of a very successful Premiers' Conference.

I think we went into this conference with our number one priority being to obtain support from all the provinces for our initiatives in assistance to the energy industry and also for agriculture so that Alberta's economy, which is based so heavily on both those industries, would be assisted and of course start to grow in the future. This communiqué gives us the basis, with a great deal more aggressiveness now, to go through the various federal and other provincial mechanisms to make sure they are followed up on. Every Alberta minister with a responsibility contained in these communiqués will be doing that very quickly.

MR. TAYLOR: A supplementary to the Premier. That's good news on moving ahead, but can he give the assurance to the House that there will be an attempt to schedule a meeting of all agriculture ministers to solidify the national agricultural strategy before GATT and the November First Ministers' Conference?

MR. GETTY: Mr. Speaker, the agriculture ministers and their officials have been aggressively working on this. They will be meeting again, because it must come to the Premiers' conference in November. As we said, we are looking forward to having the national agricultural strategy discussions completed and presented to the first ministers so we will be able to give it our approval, assuming it does meet our needs.

MR. HAWKESWORTH: Mr. Speaker, I take from the hon. member's question that the Premiers have asked for this observer status at the GATT round, although they previously gave up observer status at bilateral talks with the Americans. Have the Premiers learned something about the talks with the Americans which they don't want to have repeated at the GATT round?

MR. GETTY: Mr. Speaker, if the hon. member will recall, we asked for observer status at the bilateral negotiations with the United States. Some provinces expressed — and I've advised the House — that they didn't think that was correct. We agreed to go along on a 90-day basis to see how it works that way, but we are also having the opportunity to see how it works our way in the GATT round, the way we thought might be better. I think it gives us a good balance.

I might also say that in the free trade talks with the United States we have the additional support of regular officials' meetings, regular ministerial meetings, and a commitment to first ministers' meetings every three months. I think what we have in effect done is get the best of both worlds.

#### **Lubicon Band Land Claim**

MR. PIQUETTE: Mr. Speaker, to the minister responsible for native legal affairs. In November 1985 the federal Lubicon mediator, the Hon. E. Davie Fulton, recommended to the federal minister that in the event bilateral negotiation didn't work, there should be a direct reference to the Supreme Court to settle this question of the band's aboriginal title once and for all. Does the Alberta government support a direct reference to the Supreme Court, or is it opposed?

MR. HORSMAN: Mr. Speaker, the recommendations the Hon. Mr. Fulton may have made to the federal government have not in fact been made to this government. It will be the federal government's responsibility to determine, as it is their constitutional responsibility, what native land claim entitlements there may be under the treaties relative to unresolved treaty claims, not the responsibility of the province of Alberta. So the question should be properly addressed by writing a letter to the appropriate minister of the federal government and seeking a response that way.

MR. PIQUETTE: Alberta might not have any choice in the matter, and I think it's time they get to work on this. The band says the bilateral negotiations have broken down completely. Given this, what is the position and recommendation of the Alberta government on the best way to get this shameful situation settled as quickly as possible?

MR. HORSMAN: Mr. Speaker, throughout the whole of this matter the band in question has consistently refused to participate in discussions which have involved the province of Alberta and have rejected out of hand trilateral discussion on the issue. Therefore, and in keeping with the ... [interjections] The hon. members can squawk all they like. The fact of the matter is that under the Constitution of Canada the government at the federal level is responsible under section 92 for determining and dealing with native affairs. The government of Alberta has a responsibility pursuant to the Natural Resources Transfer Act to deal with duly validated land claims, and we intend to do so when presented with one.

MR. PIQUETTE: I would suggest it would be in the province's best self-interest to get negotiations going again. In 1982 the province ...

MR. SPEAKER: Hon. member, please. The Chair has been listening for the supplementary question. One comment was made. The member has now embarked on a second comment. Please come to the supplementary question.

MR. MARTIN: On a point of order if I may, Mr. Speaker. [interjections] In all due respect, the Premier can get up and talk about PetroCan ...

MR. SPEAKER: Hon. member, please be seated. The Chair will return to the point of order at the end of question period. The Member for Athabasca-Lac La Biche on the supplementary question, please.

MR. PIQUETTE: In 1982 the province filed a document with the Court of Queen's Bench which said there was \$500 million a year in energy-related revenue generated in the Lubicon traditional area. Does the minister have any current information or has he undertaken any study on the cost to the province of a Supreme Court decision which would uphold the band's claim to aboriginal title? Aren't we talking about hundreds of millions of provincial money here?

MR. HORSMAN: Mr. Speaker, the matter is an action brought against the government of Alberta by the Lubicon band. The matter is before the courts. Certain proceedings can take place within the court system of this province relative to the issue that has been commented upon by the hon. member, but it is entirely inappropriate for that matter

to be discussed in this Legislative Assembly while the matter is before the courts.

MR. PIQUETTE: My last supplementary. Due to the great significance of the Lubicon and other aboriginal rights issues for all governments in Canada, did the Alberta government ensure that there was some discussion of these issues during the recent Premiers' Conference? If not, why not?

MR. HORSMAN: It would have been entirely inappropriate to discuss aboriginal rights and issues without the participation of the aboriginal groups which represent the aboriginal peoples of Canada. That is why we have a process in place now whereby the aboriginal peoples meet with not just the federal and provincial governments but with the territorial governments. There will be a meeting of that ministerial committee in October of this year leading up to the next constitutional round. I think for the hon. member to suggest in his question that we should have discussed those issues without the aboriginal peoples being present is inappropriate.

There were two parts to the hon. member's supplementary question. I have answered the latter one. Unless he wishes to restate the other one later on and clarify the situation, I can't recall exactly what his first question was.

MR. TAYLOR: A supplementary to the minister. While appreciating his new-found virtue, will he not admit that the mineral rights to the land which is under dispute for the Lubicon Indians have already been sold by the provincial government and the money pocketed by the provincial government, as far as the Indians are concerned? How will he explain that?

MR. HORSMAN: Mr. Speaker, in an attempt to resolve this matter out of court, on December 10 of last year the then minister responsible for native affairs announced that Alberta would be willing to transfer 25.4 square miles of land to Indian Affairs in trust for the band. Of course, that was rejected. Until such time ...

MR. TAYLOR: Mineral rights.

MR. HORSMAN: Well, the hon. member is aware that with respect to mineral rights, the suggestion was also made at that time that the following conditions be met by the federal government and the band as the survey and transfer took place: first, that the federal government take over oil and gas leasehold interests on behalf of the band; that a fair and equitable settlement of Metis and other third-party interests be provided; and that the band withdraw its litigation against the province.

That bilateral negotiation process between the federal government and the Lubicon Lake Band began on June 16 and was aimed at resolving that, and the federal government wanted Alberta to be involved in the negotiations. The band was opposed to those trilateral negotiations. I repeat that, Mr. Speaker. I think it is important for hon. members to be clear in their minds, if it is possible, as to what is taking place in this matter. We should not be constantly subjected to matters which tend to muddy the water and obscure the facts of the responsibility that this government has ...

MR. SPEAKER: Thanks, gentlemen. The Chair recognizes the Member for Edmonton Centre, and if there is time, the Member for Calgary Buffalo.

### Pharmaceutical Patents

REV. ROBERTS: Mr. Speaker, recent surveys of drug prices on both sides of the border clearly demonstrate that Canadian generic drug companies offer products at far more competitive prices than do the major brand name pharmaceutical conglomerates. What studies has the minister of consumer affairs done to determine just how much the recent federal Conservative government's moves to amend the Patent Act, hence eliminating generic drug companies' competitive ability, would increase the cost of drugs to diabetics and other Albertans who, at their doctor's request, are regular consumers of pharmaceuticals in this province?

MISS McCOY: It is true, Mr. Speaker, that a survey done in Alberta indicated that the price of the most commonly used drugs in Alberta was less than in any other place in Canada. That study was done two years ago, and I have indicated to the department that it would be very useful to have an update.

Insofar as the larger subject of generic drugs and the Patent Act is concerned, my colleague the minister of economic development may wish to supplement my answer. I will point out that the Patent Act is federal legislation, not provincial.

REV. ROBERTS: But it has been worked on. May I ask my good friend the Minister of Hospitals and Medical Care what I can tell the many elderly and others of my constituency who are alarmed by the prospect of increasingly expensive drug prices? Will the minister be raising the premium portion of the costs these people pay, instituting a user fee, decreasing the number of drugs the extended benefits cover, or having Alberta health care insurance cover the whole ...

MR. SPEAKER: Hon. member, out of the number of questions you asked, which one would you prefer that the minister answer, please?

REV. ROBERTS: I thought it was sort of a multiple choice. He could pick whichever one.

MR. M. MOORE: Mr. Speaker, our government has been made aware of the actions being proposed by the federal government with respect to patent protection and generic drugs. First of all, I should say there is some considerable validity and action at the federal level that will result in what they believe to be significantly more research in Canada toward the development of new drugs. In spite of the hon. member's lack of knowledge about the situation, those are the reasons given by the federal government for moving in the direction they have.

Hon. members should know there has to be a balance in any type of patent protection to ensure the public is well served, while at the same time those who spend money developing new products and new services can recoup some of their expenditures and continue to do research. My understanding, Mr. Speaker, is that part of the agreement with the manufacturers of drugs includes a commitment by them to expend certain amounts of money on research over some period of time. The thing we need to be doing insofar as Alberta is concerned is keeping a very close watch on what's occurring and making sure there is no detrimental effect on our citizens. Frankly, I don't believe there will be, but we'll be watching that very closely. Indeed, we

don't believe anybody will be suffering from the lack of being able to purchase drugs because of that policy.

MR. SPEAKER: The time for question period has expired. May we complete this question with its supplementaries? Is there agreement?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed, if any. Agreed. Supplementary question.

REV. ROBERTS: Thank you, Mr. Speaker. This is to the Premier. Since the U.S. brand name drug companies have long argued that a 10-year pricing monopoly for them should be a condition for free trade negotiations, why isn't this government fighting these arguments, as Manitoba is, when we know they will result not in free trade but in a free flow of money from Alberta to the U.S. monopolies for their research in the United States?

MR. GETTY: Mr. Speaker, in light of the manner in which the hon. member asked his previous question, I am giving the answers yes and no, and he has a multiple choice.

MR. SPEAKER: A final supplementary.

REV. ROBERTS: They're getting awfully smart over there. Let's get back to the minister of consumer affairs. Why is the Minister of Consumer and Corporate Affairs, together with her colleagues, not objecting more strongly to the federal government in the formulation and implementation of this restrictive federal government policy, given this government's supposed commitment to free enterprise, free trade, and the utter sanctity of the free competitive way?

MISS McCOY: Mr. Speaker, I do think the member has given the answer to his own question.

DR. CASSIN: Mr. Speaker, I'd like to address a question to the minister of economic development. Would he comment on what the impact of the lack of protection for patent rights would have on this province when we're trying to encourage research and development in so many other fields?

MR. SHABEN: Mr. Speaker, a number of years ago the government of Alberta, with the support of all members of the Assembly, established a medical research endowment fund. It has resulted in activity in the scientific area in Alberta that matches anything in the world in terms of the development of new medical ideas, including the development of drugs.

One of the difficulties that has persisted in Canada is the inability of these developments in terms of technological breakthroughs being converted into economic activity. That is, the manufacturing and the development of jobs in the production of these products that could be available world-wide have been the limiting factors in the federal legislation. The province of Alberta is supportive of initiatives that can be taken by way of legislation that will result in jobs in Alberta resulting from the technological advances that are made by Albertans in this field.

MR. SPEAKER: Additional supplementaries?

The Chair recognizes the fact that as the Chair concluded the prayer today, one was greeted by a flurry and forest

of hands signifying their desire to enter question period. The end result is that perhaps if there might be shorter questions and shorter answers, the six members who were not able to get into question period today might be able to achieve that esteemed prize tomorrow.

MS BARRETT: I rise on a point of order, Mr. Speaker, with respect to the comments you've just delivered and to events that took place earlier today in question period. I refer to your deliberations as enunciated on the first day of the session of the 21st Legislature in which you quoted from section 358 of *Beauchesne* with respect to conduct of members in question period. I respectfully submit that the gratuitous comments made, not at all relevant to questions put to him or any other minister, by the Premier in this instance but by other ministers in several other instances also be called to order.

Thank you.

MR. SPEAKER: As always the Chair appreciates direction from all members of the House. I believe the point has been taken into consideration by all members.

## ORDERS OF THE DAY

### head: GOVERNMENT BILLS AND ORDERS (Second Reading)

#### Bill 26

#### International Commercial Arbitration Act

MR. HORSMAN: Mr. Speaker, I move second reading of Bill 26, the International Commercial Arbitration Act.

This Act has been introduced into the House of Commons in our country and passed through the legislative process there and in several other provinces. It is an urgent matter to try to have this matter introduced here and dealt with as soon as possible.

I have discussed this with members of the Legislature in reference to the nature of the legislation. They have now had this Bill before them for some time. This legislation will enable Parliament to implement the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards. It's known as the New York Convention, first adopted there by the United Nations Conference on International Commercial Arbitration in 1958. As of January 1 of this year, 69 states were parties to the convention. Canada alone of industrialized states is not a party. The legislation, together with very similar provincial legislation, will enable Canada to become party to the convention, which will enter into force for Canada 90 days after accession. Of course, that requires some time after passage by each Legislature, which will involve filing with the United Nations documents indicating our intention to be party to the convention.

By way of explanation, the New York Convention provides the means by which arbitral awards made in one state may be readily enforced in another. The convention will apply in commercial matters and to arbitrable awards and arbitration agreements concluded before or after the coming into force of this Act.

Mr. Speaker, it is a matter of some considerable complexity, but I would seek the support of members of the Assembly for Alberta's participation in passage of this

legislation to ensure this may come about in Canada. I might add that during the course of the Premiers' Conference several attorneys general in attendance as members of the delegations met with me and urged me on behalf of their governments, including Ontario, Manitoba, and British Columbia, to proceed with the passage through our Assembly to Royal Assent at the earliest possible opportunity. The Bill has received favourable attention, at least in those provinces. I would seek the same support and consideration of members of this House.

MR. SPEAKER: The hon. minister has moved second reading of the Bill, but does the Chair take it to understand that the Member for Edmonton Strathcona wishes to raise a question at this point?

MR. WRIGHT: Yes. Speaking to this Bill, Mr. Speaker, there is no doubt the Bill is an excellent one in principle. I should suggest to the Attorney General that it is somewhat deficient in the form that we make up. The guts of it is the schedule. I compare it with the Reciprocal Enforcement of Judgments Act. Under the Reciprocal Enforcement of Judgments Act there is a mechanism set out for registration. The way you do it, what you have to have in hand in order to get the judgment registered, the effect of registering it: all of this is consistent with the schedule to the Act, but it is not contained in the Act itself.

I'm sure the hon. minister is well familiar with the form of the Reciprocal Enforcement of Judgments Act. All the issues addressed in that Act, Mr. Speaker, apply to the enforcement of these arbitration awards. If they aren't really necessary in the Reciprocal of Enforcement Judgments Act, why are they in that Act? The fact is that they are necessary, and I suggest similar provisions should be in this Act. You don't know what you have to do when you come, as you are required by the Act, to register the arbitration award. [interjections]

MR. SPEAKER: Excuse me. The Chair hesitates to interrupt the discussion. Perhaps the member could just pause, please.

[Motion carried; Bill 26 read a second time]

#### Bill 25

#### International Child Abduction Act

MR. HORSMAN: Mr. Speaker, this Bill will implement the convention on the civil aspects of international child abduction in Alberta as set out in the schedule to the Bill.

This is known as the Hague convention on international child abduction. I think it is important that this province join with others in the passage of this legislation so this very serious problem can be more adequately and positively dealt with in states throughout the world which have subscribed to this legislation. This piece of legislation was promised during the throne speech introduced prior to the election and mentioned again during the course of the throne speech. I believe it merits the support of all hon. members of the Assembly.

MS LAING: Mr. Speaker, I would speak in support of this Bill. I have three concerns that I would like to raise in regard to section 3. There is no provision for paying unless the parents are eligible for legal aid. Article 12 seems to put some type of limitation in terms of one year after the abduction. I would be concerned that if a noncustodial parent

abducted a child and could evade the custodial parent for a year, there may be some difficulty in returning the child to the custodial parent. Article 13 indicates that there would be concern that the child would be harmed by being returned. I wonder who would determine that matter. Also, young children, particularly, who have been abused may be bonded to that abusing parent and may object to leaving that parent, which I have seen.

Those are the concerns I have. However, I certainly strongly support this Bill in principle.

MR. SIGURDSON: Mr. Speaker, I too want to say that I am fully in favour of the Bill. I think it's very good, and I congratulate the government on introducing it.

I have a couple of concerns. One is that I don't see any money going to legal aid plans that would be able to maintain immigration and family lawyers. Also, I'm concerned about our being able to provide funds for lawyers in states contracting to this agreement. Quite often in order to get a child back into the custody of the parent who may reside in our province, that parent may require legal counsel from other states. Quite often the cost of legal counsel in a foreign state is quite expensive. I would like to see if perhaps we could make some moneys available to families that find there may have been a child taken to a foreign land.

There are a number of other comments that I could make; however, having made that point, I think that's the most important one. With that, I'll sit.

MR. HORSMAN: Mr. Speaker, as in the matter of the last Bill I dealt with, members have various questions which I think I can deal with in Committee of the Whole when we come to study of the Bill. I'll try and have questions answered.

I just want to make one comment, however, with respect to the Member for Edmonton Avonmore. While the questions may be very valid, the difficulty is of course that we as one participating province of one participating state cannot make changes to the convention itself I have to make that point now in concluding debate at second reading.

With respect to the subject of the costs resulting from the convention which may be incurred, hon. members have raised some difficult questions relative to the amounts of money that may be required. Of course, until such time as the Act is in place, it's difficult for us to estimate what additional costs to the legal aid plan in effect in the province might be incurred. So some considerable experience will have to be encountered before we'll be able to ascertain whether or not additional funds need to be voted with respect to that particular appropriation of the Department of the Attorney General. But those points are well made, and we will certainly take them under consideration.

MR. SPEAKER: The hon. minister has indeed pointed out some of the difficulty with respect to second reading. Members might refer to citation 712(2) of *Beauchesne* with respect to second reading. Again, citation 734:

The second reading is the most important stage through which the bill is required to pass; for its whole principle is then at issue and is affirmed or denied by a vote of the House. It is not regular on this occasion, however, to discuss in detail the clauses of the bill. Of course, there's ample opportunity in that regard with respect to Committee of the Whole.



[Motion carried; Bill 25 read a second time]

**Bill 28**  
**Appropriation Act, 1986**

MR. JOHNSTON: Mr. Speaker, the Appropriation Act, 1986, is of course a summary of the 25 days of estimates review and the budget which was tabled in this House on June 16, 1986. The Bill provides for the very large amount of money, some \$10.486 billion, for the two sets of special warrants and also includes the amendments made to the Legislative Assembly expenditures which have also been considered by this Assembly.

Mr. Speaker, there has been considerable discussion on the merits of the expenditure program. This Bill of course does not deal with the revenue side but deals only with the expenditure side. I should say that in many cases the discussion with respect to the priorities set by the government and recommendations for amendments or enhancements has been heard and listened to. I note that there were very few recommendations for reductions. I guess when that happens we will perhaps have made some sort of benchmark decision as well.

Nonetheless, the budget has been amply discussed over the past few days, 25 days in Committee of Supply, an ample opportunity to debate with the various ministers who are responsible for the 25 departments. I believe all questions have been answered, at least insofar as the ability of the government to provide the information in detailed discussion. It has been a good opportunity for all to be involved in discussion. It's a significant amount of money to be voting for the people of Alberta. I think all Albertans can be pleased with the expenditures which are reflected in this legislation. Certainly the services and facilities which this budget provides for are far above the average experienced anywhere else in Canada by any other province. The programs and expenditures affect all Albertans, as all members know.

Clearly, with the priorities and the fairly substantial amount of commitment of resources to the two or three fundamental areas, including education and health, I think it's safe to say that the people of Alberta are well served by the decisions made by this Assembly. Mr. Speaker, I therefore move second reading of the Appropriation Act, 1986.

MS BARRETT: I rise to speak on the motion to approve second reading of Bill 28, the appropriation Bill for this fiscal year. Mr. Speaker, upon moving second reading, the Provincial Treasurer noted that it was his assessment, and I presume the government's assessment, that the time of discussion allocated to the estimates, which of course are the essence of this Bill, was, in his word, "ample." I would like to point out that that view is not necessarily shared by all members of this Assembly.

There are a number of reasons for that view, and I believe this is speaking to the principle of the Bill in this regard. First of all, we are faced with closure on this Bill whether we like it or not. One understands that there is of course a matter of expediency with respect to closure; that is, the public purse is there to be spent in a way that's deemed appropriate by Members of the Legislative Assembly. However, when the conditions of closure are imposed upon a procedure whereby the debate was actually limited to 25 days, a fact that is not necessarily duplicated in other provinces in Canada, one has to ask if in fact the time

that was allocated for the discussion was appropriate or, in the term used by the Provincial Treasurer, "ample."

With respect to the closure that comes with an Appropriation Act, this is an item that actually limits debate on the fact itself I would point out that there were a number of government departments which were not scrutinized as fully as members of the Official Opposition would have chosen had they had the ability under *Standing Orders*. I am well aware, Mr. Speaker, that the issue at hand is not *Standing Orders*. However, I would like to make representation at second reading about the principles of this Bill. To begin with, of a total of \$10.5 billion being asked for approval in this Assembly, one cannot help but note that this contains, for example, a \$4 billion special warrant. That embraces money that had been earmarked without the prior approval of the members of this Assembly.

It will come as no surprise to members or the public that it is our view that one of the reasons for the special warrant component of the Appropriation Act, which of course was dealt with by the Interim Supply Act as well, is due in very large measure to the fact that we have not had a regular session of the Legislative Assembly. One will recall that last autumn there was a major race within the governing Conservative Party to see who would be the successor to E. Peter Lougheed, the Premier ... Am I out of order?

MR. SPEAKER: Dangerously close.

MS BARRETT: All right. I'll go back to the subject, which is the fact that one would not have had to deal with a special warrant of such significant magnitude had it been a priority of this government and its successor Premier to hold a Legislative sitting, in which case money matters could have been dealt with by anybody's definition of what goes on in a Parliament.

In the second instance, Mr. Speaker, when it comes to the overall spending priorities of this government, members of the Official Opposition are not convinced, I'm sorry to say, that the priorities are appropriate. I know it is commonplace for members of the cabinet and the Premier to note that they are engaged in the greatest job creation effort in the history of Alberta and blabbedy blab and that this is why this particular budget is appropriate. However, it is our view that what is a lot more appropriate is that we look at not short-term job creation programs but long-term real economic diversification. It is our view that on those matters insufficient time has been allocated for full discussion.

There are a number of different departments, particularly Economic Development and Trade, where the policies governing the spending of this money give rise to questions which were not answered or not answered to the satisfaction of some members of the Assembly. This Bill in principle over-rides further discussion at that level, although I'm sure that at committee stage some more questions and possibly answers might be forthcoming.

Mr. Speaker, with respect to the Treasurer's comments that he noted no amendments to reduce the spending of the government, it's true that the overall amount of money is not really in question here, although I suspect that the Conservatives' economic friends on other benches here might question the importance of going into a major deficit in order to sponsor the programs of the governing Conservative party. Our question is more: is that deficit being used to the best of all possible purposes; that is, more toward an economic diversification? Similarly, we ask: are the programs

which are designed to help support our two primary industries, energy and agriculture, sufficient to help sustain those industries while we support policies and spending which would help diversify this economy in the long run?

I am not so sure that supplying money to ATCO or to global positioning systems or what have you is really geared to that particular end. Although I have heard government members and ministers say that it is, I'm not convinced that's the case. I'm not convinced that participating by whatever means the Conservative government so chooses in the Star Wars program, related in a very essential way to the American economy, is in keeping with the goals of diversifying this economy or in keeping with the overall desire shared by the public of Alberta for economic stability, which is of course related to government spending in an overall fashion.

Mr. Speaker, there are a number of different sections in schedule A of the Appropriation Bill which deal department by department. My understanding of second reading is that it would be inappropriate to go through those sections right now; however, we may get one more opportunity to do that at committee stage.

I would point out in conclusion, Mr. Speaker, that the greatest flaw, shall we say, with the Appropriation Bill is that on top of measures which limit discussion and debate on the estimates department by department, some of which received less than one hour of consideration by the members of this Assembly, all of which involve substantial sums of money — taxpayers' money, I might point out ... I'm sorry; I've lost my train of thought on that.

AN HON. MEMBER: That's okay; we have too.

MS BARRETT: My point, Mr. Speaker, was that the time given over to consideration of department ...

DR. WEST: Mr. Speaker.

MR. SPEAKER: Do you have a point of order?

DR. WEST: A point of order, Mr. Speaker. A few minutes ago the greatest job creation in the history of Alberta was referred to as "blabbedy blab." I would like to know whether that's parliamentary or not.

MR. SPEAKER: Thank you. The Chair regards it as being parliamentary because the Chair hears so much of it.

MS BARRETT: Thank you, Mr. Speaker. I happen to know that "blabbedy blab" is not cited in *Beauchesne* as being unparliamentary. I look these words up before I use them.

In any event, I was concluding on a point of principle with respect to the time given over to consideration of the individual departments, and I did note that in some instances that would be less than one hour. Following that, Mr. Speaker, the built-in closure with respect to appropriation Bills seems to be the nail in the coffin with respect to the democratic process on matters of major public spending, and on that particular principle — and I do believe it is a principle — I certainly cannot support the motion to approve this at second stage.

MR. GIBEAULT: Mr. Speaker, I'd like to make a few brief comments on the Appropriation Act, Bill 28, particularly as it relates to schedule B on page 5 in the estimates of the Department of Advanced Education. We're looking

at some substantial amounts of money here. In fact, at over \$1 billion the whole department is certainly one of the major areas of consideration for the provincial purse, the provincial expenditure of tax dollars. We have some concerns about these, particularly item 2, assistance to higher and further educational institutions. We're looking at a vote in the neighbourhood of \$827.6 million.

It seems to us that if we're really serious about this question of economic diversification that has been mentioned so frequently by the government, we cannot look at a situation where our postsecondary institutions, which are the training ground for the people who are going to be at the forefront of any kind of economic diversification and renewal — we cannot look at a situation where this sector of our economy is allowed to stagnate. Basically, that is what this appropriation is going to do. There are no new programs being authorized here; it's basically a hold-the-line approach.

Mr. Speaker, life does not put itself on hold, and if we're going to do that, there are other jurisdictions that are going to be moving forward. We realize that there are many, many demands on government resources and revenues. For example, just to name one, the University of Alberta has had some ten projects or programs submitted to government over the last number of years and has yet to receive approval. One near the top of the priority list is a native studies program, in which we could really be showing some leadership here in the province of Alberta and on behalf of the country as a whole. So that's one.

The next one is the question of financial assistance to students. We're looking at \$116 million on this particular item. Certainly financial assistance to students is an important area, something that of course we all have to support. But I guess the way we look at it is that this is really an investment in our future. The economic climate is in such distress in the province that there are many, many people looking at returning to school to try to upgrade their qualifications and hopefully be part of some new economic activity coming down the road. In fact, many constituents in Mill Woods have come to me and discussed various problems they're having here. Certainly the intention of financial assistance to students must be to accommodate people who are trying to upgrade their qualifications if in fact there is no economic opportunity for them in their existing professions.

I had one fellow come to see me just this morning, a 45-year-old professional engineer who needs to get into some other area because there's simply no work in that field. He wants to go to NAIT to take a computer technology program there. His student loan was turned down. He's going to be appealing it, but he has been told that that process will take some four to six weeks. By that time he's going to have to have made some commitment to NAIT, and it puts him in a very difficult situation.

I would suggest that if we're going to look at spending \$116 million in support of student financial assistance, we need to make sure that students can get some reasonably prompt and effective responses from the Students Finance Board so that in a reasonable and expeditious manner they can in fact make decisions that are going to affect their future and the future of the province of Alberta.

Finally, to turn to page 12 of the Appropriation Act, the estimates required by the Department of Technology, Research and Telecommunications, we're being asked to approve some \$19 million for financing of high technology projects and another \$22.8 million for natural sciences and

engineering research. While we don't necessarily have any particular qualms about that — there are some initiatives there that we think may have some merit, and we've mentioned some of our concerns previously — the point I'd like to make at this point, Mr. Speaker, is that it seems to me we're losing the human element in terms of focussing on high technology. I don't think high technology is any sort of saviour or panacea to all our problems. High technology, if it's going to be of any value, has to be involved with the people of this province. We need to look at ways that technology can be integrated into the workplace and the economy to the advantage and not the disadvantage of people who are working in the economy. We need to look at how that can be done.

We're looking at a substantial allocation for natural sciences and engineering research. What about the social sciences and the humanities? That's an important part of the ongoing research and innovation application of new technologies in various social and economic settings within the province. I think it would be a mistake to look at investing these many millions of dollars without considering the very serious and important social dimensions of that.

MR. McEACHERN: Mr. Speaker, as I see it, the main problem with this budget — and a number of others have been raised — is that it lacks any long-term plan. We have a budget with a \$2.5 billion deficit planned and the possibility that it may be a \$3 billion or \$3.5 billion deficit in the long run. The deficit as such, just as a number, does not particularly bother me, but the fact is that it does not lead anywhere. It is not a deficit budget in a stimulative sense that will create economic activity in the future and get us out of this problem. There are some programs, and I will look at those, but it is not basically a stimulative budget.

It seems to me the budget — by the way, I'm not the only person or the members of our group are not the only ones concerned about this. I just looked at a document put out by the certified general accountants of Alberta, and their basic criticism, in a press release on June 16, was that there was no long-term planning in this budget.

We have for too long in this province gone along on an ad hoc basis catering to big businesses, particularly the big multinational oil companies. I think that's evident in the programs the government has brought in. They've tried to stimulate activity with the smaller oil companies but have not got off the ground with it. Instead of just looking at and manipulating numbers, it would seem to me that it is time to think in terms of where we are going and what we are doing. A budget that spends \$10.5 billion of the taxpayers' money must have something more in it than just numbers. There must be some logical arguments and reasons behind it, and these I fail to see in this budget.

MR. SPEAKER: We're talking about the Bill?

MR. McEACHERN: Yes, I'm talking about Bill 28. The budget is summarized in this Bill. It seems to me that it is very important to get at some of the basic principles behind this Bill and to look at the differences or perhaps different approaches, for instance, that we would take in some areas. The budget in fact seems to me to be the kind you would get from an accountant who didn't have any particular political or economic philosophy. You look at some numbers and you realize you're going to come up a little short on the revenue end, so you decide to take some money out of the heritage trust fund or find some other

sources. You put the numbers together and make it up. It's all balanced in the end and looks very good, except that it isn't balanced: it's \$2.5 billion short.

There does not seem to be a new direction, a plan for where we're going with this budget. Two or three programs that were new and innovative were brought in. The small business loans and the farm credit stability program are pale shades of something that we proposed many years ago. They are the nearest thing to stimulative programs in the budget and should lead to some stabilization of the farm situation, and the small business sector may be able to take advantage of that program and perhaps move into some diversification. But on the whole, the budget has very few stimulative measures in it.

One of the main lacks is any acknowledgment of the need for some demand-side economics at this stage in Alberta's history. I think we have been relying on supply-side economics for too long. If you name and keep reiterating all your programs and the things you're going to do and the money you're spending, they almost always turn out to be supply-side economic theories. I think it's had its run, and I think the plans you have to stimulate activity in the oil patch this summer is a good example that it's not working. Already it's clear that those programs are not being taken up in the way the government had hoped. It seems to me that it's time the government turned its attention to a slightly different way of looking at things, not necessarily reversing directions but maybe supplementing some of these supply-side economic theories that are exemplified by some of the measures brought in by this budget.

We need to look for sure at the level of assistance to people that are living below the poverty line in this province. We need to look at the minimum wage; we have people working full 40-hour weeks that are not able to make ends meet or live above the poverty line. We need to develop some kind of incentive at the lower end of the economic scale to encourage these people to be workers and producers, and I see no indication of that. What the demand-side economic theory or some moves in that direction would do for us is put money in the hands of the people that would spend it. That would mean the retailers could then order from the wholesalers, the wholesalers from the manufacturers, and the manufacturers would hire people. That side of economic theory has not been explored by this government and is not illustrated in this budget. I commend that to the government to consider very carefully, particularly in future budgets.

The government has said that this budget is a balanced approach to the crisis we are in, and from the point of view of an accountant sort of looking at numbers, that may be, but it is more of a balancing act to keep the government out of trouble with the taxpayers. It doesn't want to cut social services too much; it doesn't want to raise taxes this year. But if you consider that our \$2.5 billion deficit may well turn into a \$3.5 billion deficit by the end of the year, if that goes on next year and the year after, the heritage trust fund will not last very long. The government is going to have to think of the longer term in more detail than it has up to now. We seem to be rudderless in not having any sense of direction with this budget, no plans for the future other than just the hope that OPEC will raise the price of oil or that the free trade talks with the Americans will somehow rescue us. I don't think that is about to happen.

The government has not really had a positive philosophy about how to develop an economic base in this province.

They've tried this and that and the other thing in a sort of ad hoc stopgap process, usually based on some kind of crisis and some kind of problem. They have fallen into a number of ways of operating that are wrong in a democratic society, Mr. Speaker. We should not be as closed a government as we've been in the past. We should not be engaging in frivolous expenditures like government jets for cabinet ministers to fly around the province and job creation programs for friends and cronies. If you have some plans and guidelines as to where you're going, you don't get into these kinds of things. That is where this government has gone wrong. It is true that the ad hoc sort of way this government operates in the way this budget illustrates has led to these kinds of problems: expensive travel, as I've already mentioned, expensive entertainment, royalty giveaways to large companies, and relatively little to smaller companies.

MR. SPEAKER: Hon. member, please be seated. Ad hockery seems to have been the order of the day for the last few minutes. Perhaps the member would be good enough to return to the broad principles rather than the specifics.

MR. McEACHERN: Mr. Speaker, I was just trying to illustrate that if you have a plan of action, as this budget does not seem to illustrate, somehow you will not fall into these kinds of problems. It's in the financial area, and I don't know how I can illustrate it without mentioning a couple, Mr. Speaker, with due regard to your qualms. In terms of developing a financial direction for this province, for instance, you do not end up having to try to rescue a CCB or a Heritage company or a North West Trust Company because of the kinds of problems they've gotten into if you have done some economic planning beforehand and have a sense of how these things should be working and the direction in which you want to go.

I want to turn to the tax system, which is very definitely related to the basic philosophies of how you put together a budget and how you plan where you're going with that budget. When the Conservative government first took over this province, 63 percent of total direct taxes came from personal income tax, while 37 percent came from corporations. With this budget today the ordinary people of this province will pay \$1.7 billion in personal income taxes out of a total of \$2.7 billion. Corporations will pay only \$700 million or approximately 25 percent of the total. That means that the individual's share through direct and indirect taxes has increased to 75 percent of the total pie, and this indicates that we need an overhaul of the tax structure that is basic to this budget.

It is not fair that in 1983, 1,500 Albertans who made more than \$50,000 paid no income tax. That loss of income to the government has to be picked up by the people at the lower end of the income tax scale. In view of the fact that the federal government is planning massive tax changes, it is time this government did a really good review of its tax structure. The federal government is considering the transfer of business tax, and the Alberta government will be affected by that. I see no indication that the Treasurer is doing anything more than reacting ad hoc to the kinds of pressures that are coming at us from many sides. I think it's time he thought about the budget for next year and the year after, the direction that he wants to take this province, and does some active lobbying with the federal government as to what taxes they should allow and should not allow. The whole corporate personal income tax structure should

be looked at very carefully, particularly with a view to looking at the lower end of the income scale in this province in terms of personal income taxes.

Mr. Speaker, this budget was brought in rather belatedly; again, in my view, a sort of ad hoc reaction to a difficult situation. A government with a philosophy that said the democratic process was important would have brought in a budget back in February of this year and spent two months debating it fully and thoroughly instead of talking for only 25 days about 25 departments. It would not have asked us to pass nearly \$800 million in government warrants from last year. It would not have limited the debate in this House on some estimates. There was one in which a minister filibustered his own department, and we didn't get to make any suggestions or criticisms in that department. The government has fallen into ad hockery to the nth degree, does not plan where it is going and does not think about what it wants to do or why. It merely reacts to pressures from other sectors of the economy, other governments, and then it wonders why it ends up in as much trouble as it is. I suspect that next year ...

MR. STEVENS: A point of order. Mr. Speaker, the member referred again to the term "filibuster" or "filibustering" in his remarks. I thought that you had made comments about the unparliamentary practice of the use of that word. In making that point, I would add that the member has been free on numerous occasions to give comments or make suggestions, but he again used that term.

MR. McEACHERN: Mr. Speaker, as I recall, we did debate this last time and it was settled that it was parliamentary, if I remember the particular debate.

MR. SPEAKER: I think it was agreed that the term is indeed parliamentary. The Chair, however, takes the opportunity to remind the hon. Member for Edmonton Kingsway that the real principle involved in regard to this particular Bill is namely: shall the Assembly authorize the government to expend X amount of dollars for such and such a purpose? Perhaps the narrow focus could continue in that line, please.

MR. McEACHERN: Mr. Speaker, I was about to wind up my comments. [interjections] Just as a final statement, I would say that this budget has not had the full democratic debate that the ...

MR. SPEAKER: This time the Chair calls the whole Assembly to order, not the member. Would the member please continue?

MR. McEACHERN: Thank you. I was just about to wind up my remarks, as I said a minute ago. It seems to me, Mr. Speaker, that this budget, while lacking any philosophical direction or base, has also been brought in without any real commitment to the democratic principles that should govern the handling of the public purse. The taxpayers' money is being spent without due process and consideration, and I hope we can do better next time around.

MR. MARTIN: Mr. Speaker, while the Treasurer is here, just a few comments that I think are serious, and I would hope that the Treasurer would take them under due consideration. I really suggest, as a member of the Legislative Assembly — and I think all members regardless of which side they sit on have to be concerned. I know the Treasurer

must be, because we're going to have to come up with a lot of money here. We're passing \$10.5 billion.

What I would like to do is to talk to the Treasurer for just a few minutes about the process, specifically the process of how we in the Legislature act as watchdogs over the public purse. I would like to narrow in, if I may, on just three areas and say that there may have been circumstances — an election and all the rest of it — but we are dangerously going in the direction of much too much being spent on special warrants. Now, that's comfortable, Mr. Speaker. It is very comfortable for the cabinet to do that, but it's not a very good way to look after the taxpayers' money. I'm not talking about what we think is important here in the Legislature and we debate that particular policy. I'm talking specifically of our watchdog role to make sure how that money is being spent; in other words, that we're getting the best bang for the buck. I would suggest to the Treasurer that somehow we've got to come to grips with this whole idea of special warrants and make sure it isn't done.

Of even more concern is that we are doing an inadequate job in just going through the budget and finding out where there is waste. I don't care, Mr. Speaker, which government there is, but when you have \$10.5 billion, there should be an adequate process to make sure that that money is being spent wisely. I suggest that when you have 25 days, that is inadequate. If I may say so, probably members on both sides could do a better job of looking into it in those 25 days. But there has to be a better procedure to go through that, not about the policies that the government has passed in the Legislature but about how well that money is being spent. Are the bureaucrats, in following the policies, spending it in the best possible way? Surely all members of the Legislature want that, because if that waste mounts up year after year, we are wasting taxpayers' money.

It may have been okay when times were good and money was flowing in, but the Treasurer himself will admit that some very, very hard decisions have to be made with a \$2.5 billion deficit under the government's figures, or whatever it's going to be. Every time we waste a dollar, it's a dollar we can't provide in money back to the taxpayers or provide in services. I really suggest that the government and perhaps all of us — a committee of some sort — should look at a better way that we can actually watchdog the money that is allocated here.

If I may, Mr. Speaker, I would suggest two or three serious suggestions to all members. Number one, I understand why they put the 25 days on; it could have gone on forever. I would suggest in all due respect that 25 days is not long enough in the Legislature to do the job of looking after the estimates. Perhaps if we had more time, you'd get more questions going into the votes rather than half-hour speeches. If members get up, Mr. Speaker, and know that they only have that amount of time, they're going to make all their points because they probably won't get up again.

The other point I would make is that perhaps it's time, as the federal Parliament does to the Treasurer, to have a lot more of the estimates, before they even come to the Legislature, dealt with at a committee stage where people can spend the time to go into them in a much more detailed way. That's another suggestion.

A third suggestion that I would make — I know it's after the fact but would have some bearing — is that our Public Accounts is a joke. I was a chairman. It doesn't work well; we are not protecting the taxpayers' money. There are other Public Accounts that work much better in

this country, and if the government were more concerned about looking after the taxpayers' money, we would make these watchdog committees work better. I think it's a serious matter. I'm sure that the Treasurer would be pleased if we could go through that budget at some point, if it had gone through a process and we found that we could save half a billion dollars, or \$200 million here or whatever. I think it would make the Treasurer's job easier.

I say in all seriousness to the people in this Legislature that we all have to do a better job in watchdogging the money that we spend here, because the taxpayers demand that from us. If we don't do a better job, we waste it. It's money that won't come back to ordinary people in their taxes; it's money that won't go into services. I suggest, Mr. Speaker, that as the Leader of the Opposition I, and I'm sure members on the opposition side, would certainly be quite willing to work on a committee to look at how we could improve our whole watchdog process here. I'd be surprised if members of the government weren't interested in this, Mr. Speaker. I suggest they're derelict in their duties if they're not interested in performing a much better job in the watchdog area. That's what we're elected to do.

MR. PAYNE: A point of order, Mr. Speaker. As reluctant as I am to interrupt the hon. Leader of the Opposition and to prolong what's proving to be a very tedious debate, I respectfully submit that the hon. leader has strayed some considerable distance from the principles of this Bill. Could I respectfully request that he return to the Bill and its principles as expeditiously as possible?

MR. MARTIN: In all due respect to the hon. member, if he doesn't understand this has to do with the principles of the Bill, I can understand why he was cut from the cabinet. How we watchdog it and how we've dealt with these estimates ... [interjections] Obviously, by that comment from those government members, I take it that the government is not interested in acting as a watchdog for the taxpayers' money. These are perfectly legitimate suggestions about how we can save money for the taxpayers of Alberta, and they're worried about going on with debate too long. Shame on them.

Mr. Speaker, in conclusion, I would hope that the Treasurer [interjections] ...

AN HON. MEMBER: What a frivolous attitude.

MR. MARTIN: A frivolous attitude — precisely. Mr. Speaker, to the Treasurer and the people that are concerned, my point is that I would hope there are measures or that some of them may have other ideas of how we can improve the watchdog performance of this Legislature, that we take it seriously and not just drift along, because we are paying the price. I suggest that we've paid the price. Again, it doesn't have to do with policy; it has to do with getting the best bang for the buck after that policy is passed. We can strengthen our committees. We should look at a longer time for debate and perhaps send it to committees. If we don't do that, we will go through this process again. I bet all ordinary members, especially Tory backbenchers, don't know half of what's in this budget.

MR. HAWKESWORTH: Mr. Speaker, it's clear to me, and as a former chairman of the city of Calgary finance and budget committee, it always has been, that a budget is the ultimate policy document. It's the document that

contains within it the priorities of a government. It states what is important and what is not important to a government by what it commits a government to spend and what it leaves out. I would like to spend the few minutes that I have this afternoon talking about what the Appropriation Act, 1986, means in terms of its relation to the budget and the review that we have done in the last several weeks.

What does this budget tell us? First of all, I wish it would tell us more. I guess maybe I came into this Legislature with some false expectations, inasmuch as the city of Calgary last year received an international award for the quality of information contained in that budget and provided to the legislators in order for them to make an adequate review of the expenditures in that particular city. So I guess I was used to that quality of information being provided to me as a legislator, as a decision-maker in Calgary city council. I'm disappointed, I guess, at not having that same quality provided to me in this Legislature.

This budget contains a lot of figures, and they're big figures: \$13 billion worth of figures. But to get into any detail to find the policies behind those figures, the policies that direct that money, is difficult for us to do. Rarely are any objectives by departments set out in this budget. Even more rarely are any mechanisms identified by which we can measure the objectives of a particular department or the objectives intended by expenditure in a particular department.

Many claims have been made by this government regarding what this budget represents. It's been claimed that this is the biggest job-creation project in the history of the province of Alberta. Mr. Speaker, I would submit that it may be the most expensive job-creation effort ever undertaken by the Alberta government, but by no means is it clear that this is going to achieve the objectives claimed for it, that jobs will actually be created as a result of the spending proposed in this particular budget.

Mr. Speaker, in just the last few weeks, dealing with the small business financing program which is contained within this budget, we submitted amendments to spell out objectives to that particular Act to ensure that the money being spent would achieve the objectives made or claimed for it. That was turned down by this Legislature. What concerns me is that that struck me as being typical of the kind of spending we're being asked to approve throughout this budget.

First of all, there's a lack of information and a lack of clear direction and objectives set for the spending being committed in this budget. Secondly, Mr. Speaker, there are some things that we have learned as a result of this particular budget review process. It tells us where some of the priorities of this government lie. We have found out what is important to this government; as well, we have learned some things that are not important to this government.

For example, in the last few weeks we've learned that some of the recipients of benefits under the aids to daily living program are losing those benefits in order to save the Department of Community and Occupational Health some money. They are losing those benefits because this government has introduced some arbitrary and inadequate medical tests which have resulted in people in need being cut off a program that was intended to maintain them in their home in dignity without having to put pressures and demands on an expensive medical care system in this province. While we're cutting pennies from the Department of Community and Occupational Health, we're spending \$2.3 billion in the Department of Hospitals and Medical Care. The money that

was saved in one department is going to end up putting people into another department and costing money in that area.

As a result of this review we have also have learned, Mr. Speaker, that there is a company identified in these books where a former chairman of the Alberta Opportunity Company has been given approval for half million dollar interest-free loans in both this fiscal year and the next. Meanwhile, we also learn that diabetics in this province who are looking for support under the aids to daily living program are not going to be covered for blood sugar testing; again, people attempting to receive a benefit that will keep them from putting demands and pressures on an expensive medical care program. In the area of preventive medicine, people are not being provided with a benefit which would make good financial and economic sense as well as providing good social support for people to support themselves in dignity.

Mr. Speaker, we're also concerned about other things that are not in this budget; again, in the area of Hospitals and Medical Care. It's such a big, important aspect of this particular budget: \$2.3 billion. We have asked for a provincial ambulance system in this province — some sort of support for a provincial ambulance system. It's the first line of prevention for the loss of life. For many people it's the first line of entry into the medical care and emergency system. It's a program that's been requested by the AUMA, the AAMDC, the Alberta Medical Association, and the Alberta Hospital Association. People all over this province have asked for it year in, year out. It's still not an important priority because we still have not found anything provided for it in this budget.

There are other areas as well, Mr. Speaker, but I'm highlighting what I, as one individual member of this Assembly, consider to be important priorities that are being missed by this government. In terms of the revenue projections on which a lot of the spending here is being based, we've not yet had any indication from the Provincial Treasurer, at least not in his budget address which introduced these estimates, of what the oil, energy, and Crown land leases are being based on. What international price levels form the estimates in that budget for those revenue projections?

Nor is there any indication in this budget of meaningful support for the small and independent oil producers and the service industry, as we have suggested. In recent days we've had people in this province say to this government again and again: "We've lost 25,000 jobs in this province; we're on our way to 50,000. Only 13 percent of the available rigs in this province are in operation. The incentive programs that are contained in this budget are having little effect. Please do something. Change the programs so it will make them work." Again, it comes back to my point that the claims made for the spending in this budget are not resulting in the effect desired by introducing those programs in the first place.

In terms of taxes in this province and the tax revenues expected, what analysis has been done about what falling incomes are going to do to the revenue projections? What about falling interest rates? Is that going to have any effect on the investment revenues of this province? There's no indication that I'm aware of as to what impact this has had. What is the impact of failing businesses on the revenue projections of this province? I'm not aware of what estimates have been given to this Legislature in that regard.

Federal payments to the provincial government, an update on the impact that federal payments might be having on

this budget, or the impact in future years of federal payments on future budgets: these things need to be dealt with, and I have not had an adequate explanation for that. But what we have heard proposed in recent weeks in order to the meet the expenditures planned in this budget is a possible sales tax. That one has been floated. Medical premium increases: that one has been floated, and maybe that one is going to become a reality. Mr. Speaker, both of these are regressive measures in order to meet the expenditures of this program. Taxes should be based primarily on the ability to pay, and both the sales tax and the medical premium increases do not respect the ability of people to pay.

In conclusion, I have two brief comments that I'd like to make. One is the matter of the public's right to know. This was a question that I raised during the estimates on one particular program. It is a general principle, Mr. Speaker, in terms of leases and sales agreements and what kinds of revenue might accrue to the public as a result of entering into those agreements. The minister of public works said that in his opinion they were public documents and the public had the right to know. I would just hope that his opinion will carry the day in his caucus, because I would say to the members opposite that that individual minister is accurately reflecting public feeling on this particular issue.

My last point, Mr. Speaker, is to just echo very, very briefly the comments made by the Leader of the Opposition. Legislators have an obligation to ensure that the money being spent on the public's behalf as the result of decisions made in this Assembly is being spent wisely and effectively and on behalf of the public interest. We have a very important watchdog role to play in order to assure the public that that is in fact taking place. I know as a former chairman of the audit committee for the city of Calgary that that committee played a role very similar to that played by the Public Accounts Committee. It plays a very important role in terms of the budgeting for a city or, in this case, the budgeting for a province. One, it can save significant amounts of money. It puts bureaucrats in a situation ...

AN HON. MEMBER: It doesn't though.

MR. HAWKESWORTH: It does. It puts bureaucrats in a pressure cooker in the sense that money they spend is spent wisely, effectively, and efficiently. I know that on a number of occasions, as a result of investigations which our committee did on behalf of city council, long-term significant savings were made in a number of city departments. I can provide that documentation to my hon. colleague to the left down there.

We can provide the same kind of responsible management in this Assembly if we have the information and if there is a genuine commitment to providing that watchdog role. I would urge the government to take very seriously the recommendations and suggestions made by the hon. Leader of the Opposition.

Thank you, Mr. Speaker.

MR. MITCHELL: Mr. Speaker, I rise to speak to this Bill, in case it might come as some surprise to those in the House that I and the Liberal caucus will not be supporting this Bill. There are a number of reasons for that. I'm glad to see that the Treasurer is back in the House to listen to this. I'm sure he'll enjoy it for the umpteenth time.

There are a number of reasons why we will not be supporting this Bill. It is not 1976 when revenues were unlimited and the propensity to spend money was encouraged in a euphoric environment in this province. It is 1986, and policies, programs, the political agenda, and the government's agenda have to be refashioned and restructured in order to meet the contingencies of 1986. There has been no effort to streamline this government. There is no reduction in operating costs. Departments have been cut from 30 to 25, for example, and there are no cuts in the total cost of ministerial offices. There is no one — the Premier indicated that himself — with a clear-cut responsibility for cost cutting in this government. Not having somebody with that specific responsibility — one person — and having everybody responsible means that you have nobody responsible. Without a single individual responsible for that particular task in this government at this time is tantamount to having nobody responsible for Energy or nobody responsible for Agriculture: having everybody responsible for those particular kinds of portfolios. Cost cutting, streamlining, cutting fat in this government is perhaps the most significant priority of any government in this country in the 1980s and 1990s. It is not the 1970s.

There is no indication of creative cost-cutting programs, a creative attrition program where we could assist people who want to leave the government early or for certain periods of time, not in a punitive fashion but in a way that is consistent with their desires. A Nielsen type of task force to seek out unnecessary expenditures has been proposed in this House without any kind of positive response from this government. A program of incentives to cost cut for bureaucrats in the bureaucracy has been ...

I'm always sensitive when the Speaker gets up. I'm a little edgy about that. And well I should be. [interjection] I know you never are. You should be too.

[Mr. Payne in the Chair]

Incentives to cut costs. A tremendously creative idea proposed by one of the two members from Red Deer. I want to support that wholeheartedly. It seems not to have received any kind of positive response from his caucus and his cabinet.

There's no strong management direction in this government at a time when we need management direction. I'm left with an overwhelming feeling out of this debate of the estimates that we have a very weak sense of management reflected in very, very weak management decisions. An illustration — and if this is happening, more is happening — is that the department of economic development is consolidated with the department of trade in this budget. What happens? We're left with a department of 250 people and two deputy ministers. We're afraid to make the decision to restructure our bureaucracy and our structure in a way consistent with the demands of our fiscal responsibilities. Instead we are left with two positions, one of which we don't in fact need. That represents weak decision-making when strong decision-making is required. When we see that in such an obvious place, believe me, it's happening throughout the bureaucracy and throughout the regime of government expenditure in places that aren't so obvious but will be just as important, perhaps more important, in their impact on government expenditures.

I note the existence of the Department of Technology, Research and Telecommunications, again a decision that emanates from weak management. The Department of Eco-

conomic Development and Trade is perfectly capable of undertaking that task, that responsibility. It's simply a subdepartment of a department such as economic development with 50 people, instead, we create a special public-relations initiative in this way. It costs us money that need not be spent but that instead we could save if we managed rigorously and firmly as is required by the contingencies of the 1980s and 1990s.

I believe there is no effort to measure any of the programs that we have reviewed in these estimates debates. We ask for objectives for these programs; we don't see objectives. We ask for measurement of achievement against previous years' undertakings, previous years' objectives, and we don't receive measurement against previous years' objectives.

There are in this government, in this bureaucracy, no incentives to achieve. I take for an example the department of economic development. Here would be a wonderful case of taking sections of that department and saying: "You can have an impact on a certain portion of this economy. If you can create as your section and contribute to the creation of a certain number of jobs or a certain measurement of economic activity, then that will in some way bear upon what you're paid, how your success and achievement is reflected and, on the other hand, how you will be assessed if you do not achieve something in that regard." If we do not establish incentives and do not establish specific objectives for managers in government and all employees in government to strive toward, they will not be inspired to strive toward anything. "Make no small plans," they say, "because you cannot reach the hearts of men to achieve small plans." You have to make big plans; you have to inspire people to achieve those plans. That is the responsibility of strong management. I don't see strong and inspirational management in this government, and I and my caucus cannot support a budget that does not embody that kind of management.

There are no criteria for the allocation of many of the dollars we will be authorizing. For example, we are not told by the Minister of Technology, Research and Telecommunications under what criteria he selected Western Aerospace Technology Ltd. for this interest-free loan. We do not receive criteria for the selection of Bow Valley Resource Services as a participant with the Special Waste Management Corporation in the construction of the Swan Hills waste management plant. We have to see criteria so that we know they are objective and we know that money will be allocated properly by the bureaucracy once it has been authorized by this Legislature.

We have in this caucus tremendous concerns about revenue projections. The government has assumed a reduction of one-third of energy-related revenues. Clearly energy prices have dropped further than that. There has been no effort to reconcile that with this budget's revenue projections. We are concerned with the deficit. The projected deficit is \$2.5 billion. It will be higher than that, probably \$3 billion to \$3.5 billion. On a national scale that's \$30 billion to \$35 billion. In anybody's estimation that's a tremendously high deficit. It's unprecedented at the provincial level in this country. It cannot be taken lightly. It is being taken lightly in this budget. To put it in perspective, the Heritage Savings Trust Fund probably has \$4.5 billion worth of, in any sense, liquid resources. The rest has been spent. Those liquid resources will be eaten up in the equivalent of one and a half years at this budget's level of deficit spending.

We in the Liberal caucus feel that it's very difficult to authorize a budget of this nature that is premised upon no

conflict-of-interest guidelines. Money will be provided possibly to ex-ministers, MLAs, and people related too closely to government, without any kind of criteria determining the conflict of interest. Therefore we have no guarantee that money will be spent in the fairest, the most equitable, and the most effective manner.

I too raised the question of financial controls and a review of these estimates and past expenditures. It is a principle that bears directly on this Bill, because certainly no person with responsibility for spending this kind of money can authorize its expenditure without knowing that adequate financial controls are in place. I do not see that that has been the case in the debate on these estimates. The fact of the matter is that 25 days — maybe it's enough, if it's enough. Maybe it isn't enough if we haven't completed the debates properly in that period of time, and this year we have not. We need the flexibility to extend that estimates debate in the event that we haven't.

We had one opposition member speak on the Department of the Environment, a department that spends literally millions of dollars. We had half an hour for the opposition in this Legislature to review the supplementary estimates: \$800 million of expenditure in half an hour. It's unfathomable that any of us in this House can support a budget that is premised upon that kind of financial review. Then we are told that we can fall back on the public accounts review process. Given the way that the Public Accounts Committee is structured at this time, I would be extremely surprised if we would be able to review more than four or five of 30 departments last year. Consider it. Just think about that.

At a time when we should be doing whatever we have to do to firm up our management, to control our costs, to make it clear to senior and middle management in our bureaucracy that we have to cut costs, restrain, and make sure our money is being spent as effectively as it possibly can be, this government wants to throw away one of its most important mechanisms for doing that, and that's the public accounts. There is nothing like accountability for a manager to focus his or her attention on achieving objectives and on spending money productively and effectively. That has been thrown out in this Legislature the way that the Public Accounts Committee has been structured. There may have been a time when it didn't have to sit between sessions, but 1986 is not that time. That committee has to sit between sessions before I and my caucus and any member of this Legislature can truly feel responsible in authorizing this level of expenditure.

Mr. Speaker, it's for these reasons that the Liberal caucus feels it cannot support this Bill. It cannot support this Bill because we have not in fact discharged our responsibility properly, and we cannot in all conscience authorize this level of expenditure without these kinds of principles, the kinds of principles that I and my colleagues on this side have addressed today, being redressed properly and without proper financial controls in place in this Legislature and in this review process.

[Two members rose]

MR. ACTING DEPUTY SPEAKER: The Member for Edmonton Beverly.

MR. EWASIUK: Thank you, Mr. Speaker. I too want to rise to speak to Bill 28 and express some of the concerns I have regarding the process in relation to dealing with the estimates. I may well be a new member to the Assembly;



I certainly am not new to the budget process. As my colleague from Calgary Mountain View stated, I also chaired a budget committee with the city of Edmonton, where we were familiar with the need to very thoroughly review each and every department at length so there was understanding of what was being spent for that department, so we as politicians and custodians of the public purse could be accountable to the citizens who elected us.

[Mr. Speaker in the Chair]

The process I witnessed here during the 25 days that we had to deal with the estimates — I might add, Mr. Speaker, that while you say 25 days, when you break that down, only a matter of hours was spent to deal with a budget of \$10.5 billion. While we make important decisions in other areas in this Assembly, there's no doubt in my mind that the approval of the yearly budget has to be considered the most important decision we make in this Assembly.

I suspect that in the boardrooms of corporations and in governments, approval can be given to such spending only when there's a very thorough review and the board of directors is familiar with how this company is going to function for the balance of the year. As a member of this Assembly, I don't believe we have been given the opportunity to give these estimates the kind of thorough review that is necessary, that a board of directors of a company would make. As a representative here, I believe I am a director of the board for this province, and I should have the opportunity to very thoroughly review the budget and expenditures of this government for the next year.

It's a large budget. It's a budget that is going to commit the taxpayers to spend for the next budgetary year, yet as a representative of the people, I did not have the opportunity to review it in detail. I'm sure that somewhere in the back rooms of the departments there has been a review of the process to rationalize expenditures. But it's not good enough to be done somewhere else. I think that process has to be done here so that we who are accountable for that budget can indeed review it and be in a position to explain to those we represent why it is that we're spending in certain areas and not in other areas.

This might take a long time, admittedly. But as the Leader of the Opposition stated, I think there has to be a mechanism developed that is going to improve the process. Certainly a type of committee to review the budget and work with all the departments in preparation of the budget for presentation to the Assembly should be looked at. I think municipalities and most corporations do that. There are people who can at least deal with the development of the rationale that is eventually presented to the overall body. This has not been done. The kind of material that was presented to us is simply not acceptable.

Mr. Speaker, as my colleague from Edmonton Meadowlark stated, certainly this caucus is not in a position to support these appropriations, especially when you consider the fact that the kind of information given to us to make a determination on them was not satisfactory. I as one cannot feel that I know the kind of in-depth rationalization as to where this \$10.5 billion is being spent. For that reason, Mr. Speaker, I'm not going to be supporting the Bill. As the hon. Leader of the Opposition stated, I urge the government to very seriously consider some process to improve the kinds of presentations that are made to this Legislature relative to the estimates.

MR. SPEAKER: The Chair will recognize the Member for Edmonton Glengarry but trusts that members will take into consideration that at the moment the Assembly is not really debating Motion 234 on the Order Paper.

MR. YOUNIE: Mr. Speaker, I will stick to the topic of the principles embodied or perhaps not embodied in Bill 28, the Appropriation Act.

The Member for Edmonton Meadowlark mentioned liquid assets in the heritage trust fund. I wonder if he is perhaps speaking of the deemed assets involved in the irrigation and dam projects of the province. There certainly are enough of those, although they might be hard to liquidate, I suppose.

I would speak on the matter of the special warrants signed by the government as part of the budgetary process. As I have always understood it, the initial purpose behind the whole process of special warrants was to give the government the authority to authorize expenditures of an emergency nature between sessions. Perhaps it can be argued that when one goes over a year without a session, spending of almost every nature at almost every level becomes an emergency. But I think that some of the ones we've been asked to authorize through the budget and through this Appropriation Bill cannot under any other circumstance be argued to be emergencies. Starting an irrigation project at a cost of \$24 million can hardly be called an emergency. It would seem to me that to debate it in estimates, hopefully in an open and two-sided way, would be much more efficient, much better for the interests of voters. To have a special warrant to appropriate \$24 million to start a project that will obviously take years to complete can hardly be called an emergency.

If on the other hand we had done what is normal and not had a summer sitting — because those are unusual — and the flood that happened this summer had necessitated emergency expenditures, one might indeed applaud a government for a special warrant to make sure that people suffering damage from the flood would not have to wait for months to be helped out. So I think we have to understand the purpose behind those and look to see if that principle has in fact been embodied in what the government has done and is doing through this appropriation Bill. It's very clear that we are being asked to authorize emergency expenditures that cannot justifiably be called emergencies and that we should demand that the government bring those things in in estimates to allow sufficient time as a matter of principle.

The Member for Edmonton Meadowlark pointed out that only one person spoke on the Department of the Environment estimates. I would point out that perhaps he should have been bragging rather than complaining, seeing as he was the one. One of my colleagues pointed out that we need adequate time to discuss these matters in great detail. I can say with more justification than any member in the House that I did not get adequate time to discuss the estimates for the area for which I am the critic, those being the Environment estimates. I can certainly say that I was never given the opportunity to adequately debate those estimates with the minister involved. I got a lot of time to listen, and I did listen diligently and then reread it as much as I could before falling asleep. I would have much preferred a two-sided debate that allowed looking at both sides of the issues, because that is in fact where one comes to those pragmatic and intelligent decisions that represent a middle road, rather than the kind of thing that can be done when there is no two-sided debate and only one side is seen.

On that point I would certainly encourage that in future — and I don't mind working to earn the money I am paid for my job here — we have fewer special warrants, that we have more time to discuss issues in estimates before the Appropriation Act comes before us, and that the process that serves the best interests of the people of Alberta is used, rather than the process of special warrants for almost any kind of expenditure the government deems expedient for principles that one might question. It might be their purpose to avoid discussion rather than to authorize emergency expenditures. I think that principle should be observed very closely, not just by the Treasurer but by the entire cabinet and the governing party. Perhaps in future a more sympathetic governing party will look more closely at that principle and deal with it much more efficiently.

Thank you.

REV. ROBERTS: Mr. Speaker, I rise to speak to Bill 28, particularly on the principle of the Bill, because I think there is, as I am discovering, a very important principle for responsible fiscal planning of public policy which is being violated not only by this Bill but by some of the changes that have happened in the discussions of how moneys are being spent; that is, the important connection between capital spending and operating spending for any government.

This principle is obviously recognized in most departments, as we do have a separate vote, a separate line, for the capital amount of each department which is to be allocated and spent in that particular year. So we should, because the operating expenses that would then be committed because of capital spending can be clearly laid out for all. I say this is regularly true in most departments. However, it seems something new has been added, and that is this capital funds estimate, which takes out of the debate on the estimates for all departments some of the capital amounts that are to be spent in the Department of Advanced Education and the Department of Hospitals and Medical Care.

I haven't read all of *Hansard* yet, but I have not to this date found any explanation as to why this is being done and why this principle is being violated. We have had no way to talk about the capital allocations that are being set aside in this capital funds estimate; hence, the whole area of what it's going to mean for the operating expenses of the two departments in question to have such capital spent — that whole principle is being violated. I cite particularly the amounts that are being set aside: over \$281 million in capital construction for hospitals and nursing homes and \$51 million for Advanced Education. Why is that principle of responsible public planning, responsible allocation of funds with capital and operating together for every department, being violated? Why have we not had a chance to discuss both the process that's changed and the amount of dollars that are involved?

I thought I heard it is now under the Treasurer entirely. I think that is what the Minister of Hospitals and Medical Care said. But what I see is that both the ministers responsible, the Hon. David Russell and the Hon. Dick Johnston, as former ministers responsible for this capital fund — that is obviously out of date and incorrect; I would like some update of those departments. For what fund is the trickiness of the Treasurer taking place with this setting aside of these two items?

MR. SPEAKER: Hon. member.

REV. ROBERTS: Let me also say, Mr. Speaker, that the important principle that is being violated is the formula that

needs to be applied between what capital spending will entail for operating spending. For instance, in other jurisdictions it is said that for every one dollar of a capital expense or a capital expenditure the government needs to set aside 50 cents — this is in terms of hospital construction — for the operating of that in both the next year and every successive year. So according to that formula, if we are spending \$281 million on construction of new hospitals and nursing homes, does that mean there is any formula applied? Is the rest of the department aware that it's going to cost half of that, \$140 million? Are they prepared to spend that new money in new ways for these newly constructed hospitals next year and the year after? We need to see the impact of this capital spending right in the department.

It is irresponsible, therefore, to violate this principle and allow this appropriation to get through, because it does not show the whole picture. It allows for a serious division in planning, in debating, as we've talked about, and in the Legislature. These areas should necessarily be linked and are in most cases, but it's being violated here. It's one of the holes, Mr. Speaker, in the system under which this government operates. There is no explanation; we've had no time to get answers for it. It continues instead, I would suggest, an arrogance, a sort of tight-lipped manner in which this government operates. The election of May 8 should have wised them up so that they would not continue in their ways as previously. Such appropriations are, however, the manner in which this weak-kneed, knee-jerk government proceeds.

I wonder what the principles of this Bill are.

MR. SPEAKER: The principles of the Bill: I'm encouraged to finally hear you say that, hon. member.

REV. ROBERTS: I said it several times, Mr. Speaker. I'd like to say that it is the principle of the Bill with which I am finding concern, because it is formulated by a government whose principles I question. The ethics of this government really need to be investigated. They seem to be the ...

MR. SPEAKER: Hon. member, we have a point of order.

MR. JOHNSTON: Mr. Speaker, I think the hon. member should consider carefully the question of challenging the ethics of the government. That may well not be parliamentary, but certainly strikes to the heart of the motivation. Although it may not be specifically listed in *Beauchesne*, it must be considered to be close to being nonparliamentary.

REV. ROBERTS: Mr. Speaker, I have taken more courses in ethics than the hon. minister could ever imagine.

AN HON. MEMBER: I wonder about that.

MR. SPEAKER: Hon. members, the Chair rather doubts that we're here to swap credit courses at university as to how many of us went through courses in ethics, because I will refrain from participating in that issue myself. The Chair, however, requests the Member for Edmonton Centre to continue his discussion with respect to the principles of second reading on Bill 28, and failure to do so will result in the Chair recognizing another member of the Assembly.

REV. ROBERTS: I think basically what I'm saying, Mr. Speaker, is that Bill 28 is the backbone of this government, and it is spineless. On principle let me just conclude by

saying: beware you arrogant, high-rolling, greedy Tories; your principles are bankrupt; your days are numbered.

Thank you.

MR. SPEAKER: The Chair recognizes the Member for Calgary Forest Lawn and expects proceedings to occur.

MR. PASHAK: Mr. Speaker, I too find it difficult to support Bill 28. I take exception to many areas in the Bill. I'd like to deal with just a few of them.

One major concern that I raised the other day was the fact that there's a significant unfunded pension liability in this province. According to the Auditor General's report for March 31, 1985, it's in the sum of some \$5.35 billion. My concern here is that the way it's reported at the moment, it doesn't present a very accurate picture of the province's true financial health. The Auditor General has suggested that this should be dealt with in possibly two other ways: one, to change expenditures by an amount equal to the unfunded liability, which would thereby reduce the accumulated surplus shown in the balance sheet; or secondly, show it as a liability to the province's pension fund. The reason I raise this concern at the moment, as the members of the House are probably aware, is that in eastern Canada there's an image that this province is extremely well to do and doesn't need any assistance from the rest of Canada when it comes to solving our energy problems. So if the budget adequately reflected the true state of the financial affairs of this province, we might get greater consideration from the rest of Canada with our difficulties.

I'm also somewhat concerned about the way in which revenues are presented in the budget. Some \$460 million, for example, falls under a variety of miscellaneous and other accounts. The revenue breakdowns are not always well defined and their method of estimation is not provided. The final point — we talked about this the other day. I mentioned the way our oil revenues were calculated. I had a series of concerns that I presented at that time, and I think there's a lot that could be improved in that area of the reporting process.

Another concern is the fact that the oil industry incentive programs that were announced since the election are not showing in this budget nor in the update of the budget. Therefore, they will also not appear in the general revenue fund as expenditures. This is not a fair representation of the true state of revenues and the expenditures of this province.

Another concern that has been raised by a number of speakers is the way in which the Public Accounts Committee operates. I happen to be the chairman of that committee, and I'm torn between defending the committee members. I think all of the members come to that committee with integrity. There are conscientious; they ask good questions. We get a certain amount of information out of that committee, but it's limited by the way in which it operates. I think that if this committee is to perform its legitimate function as a watchdog reviewing how funds are spent in this province, it would be important to look at some of the ways these committees operate in other provinces. I might just make some suggestions here in that regard.

First of all, there are too many members on this committee. There are some 21 members on it. I think it's in order to mention this if I may ...

MR. MUSGREAVE: Point of order, Mr. Speaker. Shouldn't the hon. member be discussing the principles of the Bill

rather than the reorganization of the Public Accounts Committee?

MR. PASHAK: If I may comment on the point of order, Mr. Speaker. In introducing this Bill today the minister said that he was concerned that members opposite showed no concern for expenditures. I think one of the ways we can deal with the expenditure side of the budget is to take a look at how moneys have been spent, and that provides a guideline for reducing moneys spent in the future.

MR. SPEAKER: On the point of order. I believe the member has indeed made his point with respect to the committee he chairs on Public Accounts, but perhaps the member could return to the general principles of second reading of Bill 28 instead of going into the makeup of that particular committee, which was where the member was indeed going.

MR. PASHAK: My points were going to conclude by dealing with the way in which that committee's functioning could be improved. The fourth clause of Bill 28 says: "The due application of all money expended under this Act shall be accounted for." The only way I can see that you would get a true accounting for the money that is being spent in the province is to scrutinize in some effective way the way money has been spent in the past. The major recommendation I would make in this regard would be that the number of members on this committee be reduced. With a large number of members and a very short period of time to go through these expenditures, what you get is a restriction on the number of questions a person can ask. At the moment there's only one question followed by two supplementals. It means that you can't pursue a line of inquiry. We just meet while we're in session. It seems to me that a considerable amount of time should be set aside outside of session to deal with these issues. That was a suggestion put forward by the Member for Edmonton Meadowlark.

The real problem in the committee is that there's a fear that we will be getting the debate into the political realm, and that partly occurs because we bring cabinet ministers to these meetings. If instead of bringing cabinet ministers, we brought deputy ministers or members from that department, I think we could stay out of policy issues. We could get to the level of looking at exactly how it is that funds are spent. I think both sides of the House would agree that we would be able to participate in this kind of examination of the government records.

With that I'll conclude.

MR. DAY: Mr. Speaker, I rise to support this appropriation today and would like to explain and address the principle of it because that is what seems to have been missed here. I am not saying that I support and am caught up in rapturous delight over the manner in which every single dime has been spent, but because these departments, these ministers, and their estimates have been well exposed to the parliamentary process, because we collectively in this Legislature have received every opportunity to investigate and to be made aware and apprised of the facts both before the actual days of the particular estimates and during the estimates, in my opinion there is little ground for complaint due to lack of time and certainly little ground for complaint, Mr. Speaker, on these groundless charges of lack of openness on the part of ministers. They have been here each day of their estimates. They have been available beforehand for

questioning. Their research and their staff have been available to anybody to be questioned and prepared beforehand.

I think I would be questioning my intellectual capabilities if I felt that in a half hour, having been apprised beforehand, I could not seriously grill and give some scintillating questions to the minister and receive some satisfaction for it. I say the fault would lie in myself and my own intellectual abilities or the abilities of my research staff, even though certain research staffs have made blatant patronage appointments using a former MLA who should have been well versed in how to handle these situations. I appreciate the principle ...

MR. MARTIN: On a point of order. If the hon. member ... Talk about a blatant impugning of motives of a former MLA in here. I think that member should take that back, Mr. Speaker. It was an hon. member here.

MR. SPEAKER: On the point of order, Member for Red Deer North.

MR. DAY: Mr. Speaker, speaking directly to the principle of the Bill, I was ...

MR. SPEAKER: Does the member wish to respond to the member who raised the point of order?

MR. DAY: Yes. Impugning motives: I was suggesting how extra-endowed they should have been with investigative abilities since they were using a former, experienced MLA on their research staff. Thank you. I didn't realize it would cause them to rise so quickly.

I'd like ...

MR. SPEAKER: On the point of order. The hon. Leader of the Opposition: I think when the member checks the record he will indeed find that the way the matter was phrased is indeed the way that has been responded to by the Member for Red Deer North, so that no false motive was impugned to the previous member of this Assembly. It was with respect to the process of the hiring, not with respect to a motive for that member.

MR. MARTIN: Clearly the word "patronage" was used, and how we run our office is not the business of the hon. member. That's public money. How we run our office is our business. [interjections]

MR. SPEAKER: Order please. A point of order was raised, the matter was discussed, the Chair ruled, and now the Chair has been challenged in actual fact, if we wish to stick to the letter of the law.

The Chair recognizes, however, that we have Standing Order 61(3) which is in effect because the clock has moved to 5:15. It reads:

If any appropriation Bill has been moved for second reading on any day, Mr. Speaker shall interrupt the proceedings 15 minutes before the normal adjournment hour, and put the question on every appropriation Bill then standing on the Order Paper for second reading, which shall be decided without debate or amendment.

The Chair moves second reading of Bill 28. All those in favour, please say aye.

SOME HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

[Several members rose calling for a division. The division bell was rung]

[Eight minutes having elapsed, the House divided]

For the motion:

Adair	Fjordbotten	Orman
Ady	Getty	Osterman
Alger	Gogo	Payne
Anderson	Heron	Pengelly
Betkowski	Horsman	Reid
Bradley	Hyland	Rostad
Brassard	Isley	Russell
Campbell	Johnston	Schumacher
Cassin	Jonson	Shaben
Cherry	Koper	Shrake
Clegg	Kowalski	Sparrow
Cripps	McCoy	Stewart
Day	Mirosh	Stevens
Dinning	R. Moore	Webber
Downey	Musgreave	Weiss
Elliott	Musgrove	West
Elzinga	Nelson	Zarusky
Fischer	Oldring	

Against the motion:

Barrett	Laing	Piquette
Chumir	Martin	Roberts
Ewasiuk	McEachern	Sigurdson
Fox	Mitchell	Taylor
Gibeault	Mjolsness	Wright
Hawkesworth	Pashak	Younie
Hewes		

Totals:	Ayes - 53	Noes - 19
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[Motion carried; Bill 28 read a second time]

MR. SPEAKER: The Chair respectfully points out to all members of the Assembly that the vote which took place in accord to Standing Order 61(3) is an action which is in compliance with *Standing Orders* and is not to be regarded as closure.

MR. HORSMAN: Mr. Speaker, by way of information for members of the Assembly, it is proposed that the Assembly sit tomorrow evening and consider in Committee of the Whole the three Bills which were before the Assembly today for second reading. I move that we call it 5:30.

MR. SPEAKER: Having heard the motion of the hon. Deputy Government House Leader, all those in favour, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, if any? Carried.

[At 5:27 p.m., pursuant to Standing Order 4, the House adjourned to Thursday at 2:30 p.m.]