

## LEGISLATIVE ASSEMBLY OF ALBERTA

head: INTRODUCTION OF BILLS

Title: **Wednesday, April 1, 1987 2:30 p.m.**

Date: 87/04/01

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

[Mr. Speaker in the Chair]

## PRAYERS

MR. SPEAKER: Let us pray.

We give thanks to God for the rich heritage of this province as found in our people.

We pray that native-born Albertans and those who have come from other places may continue to work together to preserve and enlarge the precious heritage called Alberta.

Amen.

head: PRESENTING REPORTS BY  
STANDING AND SPECIAL COMMITTEES

MR. SCHUMACHER: Mr. Speaker, the Private Bills Committee has had under consideration the question of the following petitions which did not comply with Standing Order 86 and recommends to the Assembly that the provision of Standing Order 86 with respect to the deadline for completion of advertising be waived to permit those Bills to be dealt with once the proper advertising has been completed:

1. the petition of the Calgary Beautification Foundation for the Calgary Beautification Foundation Amendment Act, 1987;
2. the petition of C.J. McGonigle, city clerk, for the Edmonton Economic Development Authority Amendment Act, 1987;
3. the petition of C.J. McGonigle, city clerk, for the Edmonton Convention and Tourism Authority Amendment Act, 1987;
4. the petition of Thomas Payne, president, Central Western Railway Corporation, for the Central Western Railway Corporation Amendment Act, 1987;
5. the petition of David Lagore, George Lagore, Gregory Schroeder, Ron Goodhew, and Gordie Lagore for the Acts Leadership Training Centre Act;
6. the petition of the William Roper Hull Home for The William Roper Hull Home Amendment Act, 1987.

I request the concurrence of the Assembly for this recommendation.

MR. SPEAKER: Having heard the request for concurrence, does the Assembly agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried.

## Bill 20

## Marketing of Agricultural Products Act

MR. ELZINGA: Mr. Speaker, I request leave to introduce Bill 20, the Marketing of Agricultural Products Act.

Mr. Speaker, this Bill has had a gestation period since 1984, and it represents a totally rewritten Act to improve its clarity and interpretation. As well, some administrative aspects of the Act have been altered to improve efficiency and responsiveness. I introduce it on the basis that we do look forward to further input from the various commodity groups affected, from opposition parties, and our own party membership as to whether they do suggest any changes, but I do so acknowledging that we would hope they would have those recommendations in to us very quickly.

[Leave granted; Bill 20 read a first time]

## head: INTRODUCTION OF SPECIAL GUESTS

MR. GETTY: Mr. Speaker, I would like to introduce some special guests in the members' gallery today. There are 10 girls of the 181st Girl Guide company, plus a friend and two leaders. These students are from the St. Boniface school and Greenfield school in Edmonton Whitemud. The leaders are Mrs. Addison and Mrs. Palmer. I'd ask them to rise, please, and be recognized by the Assembly.

MR. ELZINGA: Mr. Speaker, it is my privilege to introduce to you and through you to Members of the Legislative Assembly. 21 groups that do participate in our agricultural community. They're outstanding members of our agricultural community whom we had the opportunity to lunch with today. They are here for the introduction of Bill C-20, and this group does exemplify, as our associate minister indicated over lunch, the diversity and strength of our agricultural community. With your consent, sir, I will introduce them and ask them to rise, and after they've all risen, if the House could extend to them a very warm welcome.

Firstly, Mr. Harvey Buckley and members of the Alberta Marketing Council; Mr. Warren Chorney, general manager of the Alberta Egg & Fowl Marketing Board; Mr. David Falkenberg, chairman of the Alberta Chicken Producers Marketing Board; Mr. Henry Zolkewski, chairman of the Alberta Turkey Growers' Marketing Board; Mr. Terry Fast, chairman of the Alberta Hatching Egg Marketing Board; Mr. Walter Boras, chairman of the Alberta Sugar Beet Growers' Marketing Board; Mr. Jim Hole, vice-chairman of the Alberta Fresh Vegetable Marketing Board; Mr. Ed Schultz, general manager of the Alberta Pork Producers' Marketing Board; Len Vogelaar, chairman and representative of the Alberta Cattle Commission; Geoff De Boer, chairman of the Alberta Sheep and Wool Commission; Mr. Tiosh Hironaka, chairman of the Alberta Potato Commission; Art Eckert, president of the Alberta Soft White Spring Wheat Growers Association; Barbara Isman, executive director of the Western Canadian Wheat Growers Association; Ike Lanier, from the winter wheat growers; David Hueppelsheuser, first vice-president of the Western Barley Growers Association; Albert Schatzke, past president of the Alberta Canola Growers Association; Bob Luco, representing the Alberta Forage Seed Council; John Van Dam, from Red Hat Co-op; Frank Span-

bauer, past president of the Pulse Growers Association of Alberta; Louise Zwanapool, business co-ordinator of the Alberta Beekeepers' Association; and Terry Bocock, secretary-manager of the Alberta Milk Producers Association. I would ask them all to rise and receive the very warm welcome of this Legislative Assembly.

MR. ANDERSON: I'm very pleased once again today to introduce to you and to Members of the Legislative Assembly, six leaders of ethnocultural organizations in Alberta who have contributed so much to the cultural heritage of our province. They are seated in your gallery, Mr. Speaker, and they are: Mr. Salinas, president of the Chilean Community of Edmonton; Mr. Strzelecki, president of the Canadian Polish Congress Inc., Alberta branch; Mrs. Nina Timpley, past president of the Edmonton Heritage Festival Association; Mr. Ernie Siores, president of the Philippine Bayanihan Association of Alberta Inc.; Mr. John Buhler, president of the Edmonton Swiss Society; and Mr. Gabre, president of the Ethiopian Community Association in Edmonton. They are seated in your gallery, Mr. Speaker, and I would ask them to stand and receive the warm welcome of the Assembly.

MR. STEVENS: Mr. Speaker, I'm pleased to introduce in your gallery and through you to the members of the Assembly, a gentleman who has served his constituents and the people of Alberta very well, the immediate past member for the constituency of Edmonton Kingsway, Mr. Carl Paproski. Would he rise and receive the Assembly's welcome.

MR. SPEAKER: Member for Calgary Fish Creek.

MR. PAYNE: Thank you, Mr. Speaker. Seated in the public and members' galleries are 71 students from the Wilma Hansen junior high school in the Calgary Fish Creek constituency. They are accompanied today by four teachers, Mrs. Driscoll, Mrs. Lan, Mr. Whitworth, and Miss Goebel. I'd ask them to rise in both galleries and receive the traditional welcome of the Assembly.

MSBARRETT: Mr. Speaker, it gives me pleasure today to introduce to you and to members of the Assembly some two dozen residents of the inner city of Edmonton, commonly known as the Boyle Street area. These people are unemployed, and they've decided to come and watch question period and see the dynamics of democracy in action. I ask that all members join me in welcoming them today.

MR. JOHNSTON: Mr. Speaker, I've had an opportunity this afternoon to meet with 29 grade 8 students from the city of Lethbridge. As others have said, my colleague from Medicine Hat in particular, it is a pleasure when students from such a far distance visit us; it's an unusual pleasure. These are a very bright group of grade 8 students from Gilbert Paterson community school. Their teachers who are with them today are Mr. Stevenson, Mr. Schuchardt, Mr. Rusling. As well, two dedicated parents have made the trip, Mrs. Allison and Mrs. Cameron.

Mr. Speaker, these bright young Albertans are seated in the public gallery, and I along with my colleague John Gogo, the Member for Lethbridge West, would ask them to stand, and in doing so I'd ask my colleagues in the Legislative Assembly to extend a very warm welcome to them as they enjoy their visit

here at the Legislative Assembly of Alberta.

## head: ORAL QUESTION PERIOD

### Social Allowance Cuts

MSBARRETT: Mr. Speaker, I'd like to direct my first question to the Minister of Social Services. It seems that when this province falls on hard times, the people who have to pay the most are those who themselves are the victims of the hard times and mismanagement.

Following discussion of our estimates last night, I wonder if the minister has made assessment now of what effects cuts to social services, and social allowances in particular, have on the dramatic increases of use of the food bank. In other words, does the minister now recognize that cutting to \$4.80 a day the living allowance of social allowance recipients in fact means that they need to turn to the food banks to survive?

MRS. OSTERMAN: Mr. Speaker, the cuts the hon. member refers to are effective today in the first instance but with respect to the shelter allowance and those who have been in receipt of social allowance are not effective until June 1. But I would say this: there is not always a correlation between those specific instances, because where you have a slight decline in the social allowance levels, for instance in the city of Calgary, there has been a slight increase in the food bank utilization there, although that food bank utilization isn't anywhere near what the Edmonton situation is.

MSBARRETT: Supplementary question, Mr. Speaker. Edmonton's unemployment rate isn't exactly the same either. I wonder if the minister will now commit herself, following years of recommendations from the Edmonton Food Bank, to undertaking an objective study of the real needs and the costs of those needs for basic nourishment and shelter on behalf of the people who require social allowance, and will she revise her estimates to reflect those real needs?

MRS. OSTERMAN: Mr. Speaker, the hon. member talks about real needs, and I believe it is certainly a fact that all hon. members see around them many needs. The interpretation of "real need" is one that is also the subject of much public discussion, and when the hon. member asks for an objective study, it would be very difficult to frame, in the terms of some professionals that I've had advice from, the terms of reference for such an objective study because real need is a subjective term.

MSBARRETT: Mr. Speaker, supplementary question. That's the fastest way I've ever seen of a minister getting out of her responsibilities. Will she then, in the absence of that kind of needed study, commit herself to preparing a budget, a monthly budget itemizing the daily expenditures and the budgets thereof required to meet the basic needs of people who are on social allowance, itemizing, for example, nourishment.

SOME HON. MEMBERS: Question.

MSBARRETT: This is the question. I have just asked the minister, for the benefit of those members who are incapable of understanding a question when it is properly phrased; I have . . .

MR. SPEAKER: Order please. Would the hon. minister care to

respond to part of that?

MRS. OSTERMAN: Mr. Speaker, it is certainly true that all the members of the House, and especially the Minister of Social Services, are charged with deliveries of programs that are laid out, in fact, in a framework of legislation, and it is very important that we meet the objective criteria of the legislation. And in fact there is an outline of basic needs in food, clothing, and shelter. How society frames what they send their various members to the Legislature in terms of their view of what the objective needs are relates to a great degree with what it is society is willing to pay for. And while we believe sincerely that the people who are on social allowance have to make the greatest effort possible and the most extreme effort of all of us in society to make ends meet, many people are advising me that they are doing that reasonably well, and it may be that I'll have to ask those people to provide information to others who find themselves in the same situation so they may share.

MS BARRETT: A final supplementary, Mr. Speaker. The minister has often cited poor budgeting ability as the reason for the increasing demands on the food banks. I'm asking the minister: will she undertake to prepare a budget which indicates on a day-by-day basis her recommendations for how people on social allowance should spend the \$4.80 a day to cover things such as protein, carbohydrates, vegetables, deodorant, toothpaste, food wrap, on and on and on? Will she do ...

MR. SPEAKER: Order. That's no doubt a long enough shopping list. Hon. minister.

MRS. OSTERMAN: Mr. Speaker, there are many of us could harken back to our own life experience and certainly lay out from our own personal perspective how it is that one would manage with X number of dollars. As I speak to people who are on social allowance, I've certainly found that all of them manage in many different ways. And I would suggest that those who are having difficulty managing ought to talk to others in a similar situation and find out how they manage.

MR. R. SPEAKER: Mr. Speaker, supplementary question to the minister. Could the minister indicate whether the department is monitoring the various food banks or food bays to determine what percentage of the persons utilizing those facilities are on social allowance?

MRS. OSTERMAN: That information, Mr. Speaker, comes to us via the food banks as well as other areas. The food banks have been very co-operative in providing us information, and as I recall last year's statistics, it was only a very tiny percentage of people who indeed were on social allowance. It might have been in the neighbourhood of 3 to 5 percent who were actually attending at food banks.

MR. SPEAKER: Member for Calgary Fish Creek.

MR. PAYNE: Thank you, Mr. Speaker. In the minister's response to the first question posed by the Member for Edmonton Highlands, the Minister of Social Services made reference to a recent reduction in the social allowance recipient caseload in Calgary, I'm wondering, as this is the first monthly reduction in the Calgary caseload in about a year, can the minister advise the members of the Assembly today if she's aware of what factors

have contributed to that much welcomed reduction in that caseload?

MRS. OSTERMAN: Mr. Speaker, I don't have a breakdown of the kind of statistics that would allow me to make a judgment in that particular area, but I would say that one welcome part of the statistics relates to the reduction of single employables who are on social allowance. I believe that was one of the largest categories that did see a reduction.

MR. TAYLOR: I would suggest, Mr. Speaker, that maybe they moved to Ontario. This is a shocking situation. Will the minister now undertake to rescind the move to reduce allocations to single employables till we've at least had the opportunity to review the consequences with both the users and the providers of this service?

MRS. OSTERMAN: Mr. Speaker, I have said on many occasions in this House that it is my judgment that the single employable people in our society have the greatest capacity to change with respect to their shelter allowance and accommodate that change. And it is certainly true that I have said that one of the areas I believe that will assist in that accommodation is that there will have to be sharing, as many other people in our society do, who are also the taxpayers and trying very hard to support the very generous services that are provided under Social Services in this province.

MR. SPEAKER: The second main question, Member for Edmonton Highlands.

MS BARRETT: Mr. Speaker, I designate the second question for the Member for Edmonton Centre.

### Care of the Elderly

REV. ROBERTS: Mr. Speaker, one of the minister of hospital's justifications for increasing by 40 percent the accommodation fees for residents in nursing homes seems to stem from a patronizing attitude that the residents didn't need their disposable income anyway. Will the minister now use the powers of his office and investigate the extent to which residents in nursing homes experience forms of elder abuse; that is, financial, emotional, or physical abuse, which is often hidden and often unreported?

MR. M. MOORE: Mr. Speaker, if the hon. member has information about such instances as he refers to, I would be extremely pleased to have it, and as a matter of fact it would be in all likelihood a disservice by the hon. member to elderly people if he were to withhold that information.

REV. ROBERTS: It's not that I'm withholding, Mr. Speaker; I'm just trying to get at what I said is the hidden and often unreported. Since expert gerontologists in recent studies in the United States indicate that as many as 5 percent of all elderly in care do experience forms of abuse, will the minister at least follow up on the 1985 report of the Senior Citizens Secretariat, which recommended that physicians, care-givers, and residents begin to document instances of maltreatment to see if the estimated 500 Alberta elderlies are being abused or whether this is just the tip of the iceberg?

MR. M. MOORE: Mr. Speaker, we have established in this province -- which exists in no other province or state that I know of -- a Health Facilities Review Committee, which is chaired by a Member of this Legislative Assembly. That committee travels throughout this province visiting nursing homes, auxiliary hospitals, and active treatment hospitals. It travels unannounced on every occasion, quite contrary to what the hon. Member for Edmonton Highlands said yesterday, and whether or not that misleading the House was intentional or not is not for me to say. But indeed, as I said yesterday, an apology is owed by that member to the hon. chairman of the Health Facilities Review Committee, because that committee does travel unannounced throughout this province to check on the very things that the hon. member talks about.

I know of no other jurisdiction in North America where visits are made as often and as regularly and as intense as they're made in this province by that committee, checking on the care of our elderly citizens. And I suggest to the hon. member that the care of senior citizens in this province stacks up well against any other jurisdiction in North America.

I repeat again, if any member of this House has information that leads them to believe there's some mistreatment of seniors in our system, it's incumbent upon them to provide it to me as soon as practically possible so that the matter can be investigated.

REV. ROBERTS: Spot checks by a well-meaning committee often don't get at the root of this.

Mr. Speaker, in light of the fact that there in fact have been several criminal investigations into abuse of the elderly in the province of Ontario in private nursing homes, which has caused that government to improve their legislation, will this minister introduce legislation here which would make it mandatory to report all instances of maltreatment as well as to establish better advocacy procedures for the elderly who are in the institutions?

MR. M. MOORE: Well, the hon. member's programmed supplementary has ignored the fact that I've just answered that question by saying that we have a process in this province that's second to none with respect to the manner in which we observe and look at and watch very carefully the care and treatment that's given to our senior citizens. Now, for the hon. member to have to dig up things that are happening in the United States or Ontario to compare with what might happen here is quite unfair. For him to also sit there in his place and say, "I have evidence," and not provide any, I say again, is a disservice to the people he represents.

REV. ROBERTS: Mr. Speaker, the minister has properly set up my last supplementary which is this: what advice would the minister give me in responding to a call from the daughter of an Edmonton nursing home resident who told me that her mother fell, breaking her hip, but that she was neglected for three days before being taken to the hospital for proper diagnosis and treatment? Unfortunately, the daughter declined to give me any particulars for fear of reprisals against her mother in the nursing home.

MR. M. MOORE: Mr. Speaker, the advice that I can give the hon. member is the same advice that I would give any hon. member, and that is as a representative of the people of Alberta to be kind enough to obtain the name of the individual involved and the institution that's involved. Provide that to me, and I will

ensure that any investigation that is carried out will be carried out in a way that will in no way be harmful to that patient. Now, if the hon. member is content to simply drag up made up instances -- and I suspect that's what it is, if no names can be provided -- and drag that kind of thing before the Assembly, that is the hon. member's business. But most of us I hope are here ... [interjections]

MR. SPEAKER: If you would like to make a point of order, you can make a point of order.

The Member for Edmonton Gold Bar.

MRS. HEWES: Mr. Speaker, a supplementary to the minister. Will the minister at the very least act to give the Ombudsman jurisdiction to deal with nursing homes and other institutions in the province that serve seniors and the disabled?

MR. M. MOORE: Mr. Speaker, there is a system now, through the responsibility that I have and the Health Facilities Review Committee, to look at nursing home operations and provide information to myself, our department, about instances where nursing homes are not operating properly, or auxiliary hospitals. And often that occurs, that there are reports to me about some shortcomings. We do our level best to have the nursing home in question correct them as soon as possible. All standards aren't always met. We all know that. But I think we have a very good system in this province, and to suggest that that will somehow or other be magically solved by the Ombudsman becoming involved is entirely beyond me. Again, if any information that any hon. members have about nursing home conditions is brought to my attention, I'll look into it.

If members, Mr. Speaker, want to sit there and make unfounded accusations against private nursing home operators or others without providing any details, nothing can be done to help our senior citizens.

MR. SPEAKER: Main question, Member for Westlock-Sturgeon, followed by the Member for Little Bow.

### North West Trust

MR. TAYLOR: Thank you, Mr. Speaker. This is to the Treasurer. First sentence: on February 9 the people of Alberta learned that their government now owns the North West Trust Company and a new Crown corporation to handle the real estate assets of the old North West Trust and Heritage Trust. Second sentence: in his 1986 report into the collapse of two other Alberta financial institutions, the CCB and the Northland Bank, the Honourable Justice Willard Estey wrote that any rescue plan must include a change of management because the market cannot expect improvement from the team which caused the trouble in the first place.

The question, Mr. Speaker: in light of Justice Estey's recommendation, why has he appointed the old managers of North West Trust, Irving Kipnes and Larry Rollingher, to manage the new Crown corporation?

MR. JOHNSTON: Mr. Speaker, I think that over the period of the last few months one of the clear successes to strengthen the financial infrastructure of this province has been the federal government's assistance to North West Trust to save a valuable part of the financial loaning system of this province. That's been accomplished by the federal government providing over

\$275 million to this province, to North West Trust, to keep it safe and whole, leaving intact a very viable financial institution and leaving with the province both the ownership of that corporation and the real estate assets themselves.

Let the record be very clear, Mr. Speaker, that the fulminations from across the way with respect to this government doing nothing with respect to financial institutions has been reversed on them clearly, and they do not like it.

With respect to the management, Mr. Speaker, let me make it very clear that neither of the two gentlemen referred to have anything at all to do with this trust company and in fact have lost entire ownership in the process.

MR. SPEAKER: A supplementary question of one sentence only, member . . .

MR. TAYLOR: Yes, one sentence, Mr. Speaker. I'm quite aware that you're watching very closely. [interjection] Do you want to continue debate or am I going to get a chance to ask the question, Mr. Speaker?

Can the Treasurer tell this Assembly whether he believes these two individuals showed good management judgment when North West Trust provided a donation of \$3,000 to the Progressive Conservative Party on May 9, 1986, at a time when the company faced financial collapse and the government was considering a multimillion dollar bailout at taxpayers' expense?

MR. JOHNSTON: Some statements, Mr. Speaker, are so misleading that you almost should not answer them. And this one comes close to being in that category, but I will take time to just say a few words on this issue.

Mr. Speaker, there are a thousand thousand companies across this province that supported the Conservative Party. We should not make any secret of that. That's part of the support that they showed to this government, and it's a public record. This is not covert or sub rosa; this is a very open statement. Everyone knows that this is a matter of public record, and to raise this now really does very little to either advance the debate with respect to North West Trust or deal with the fundamental issue of strengthening the financial services in this province. What it does is show that there is no real argument across the way with respect to how we handled this. They know full well that this was a major success story, not using any of the provincial government money and in fact strengthening once and for all a significant enterprise which is a valuable tool in the diversification of this economy. They can't be on both sides of the issue, Mr. Speaker, and the province and Legislative Assembly should be aware of that.

MR. TAYLOR: Mr. Speaker, we can't be on both sides, but obviously this company was. Can the Treasurer indicate how the management of North West Trust could be making a campaign contribution to the Conservative Party on the company's behalf at a time when the preferred shareholders were not even being paid a dividend?

MR. JOHNSTON: Mr. Speaker, of course, let's be very clear with the record here. First of all, any discussions with respect to the future of North West Trust were not in the province's hands at all. It was the Canada Deposit Insurance Corporation who was responsible for saving that institution, not the province; not the province at all. So I guess what happened is that they looked at the socialist alternative and said, "No, we want to sup-

port a good, positive free-enterprise government."

MR. TAYLOR: I'm glad, Mr. Speaker, that the federal government is getting blamed for something else now. But anyhow, can the Treasurer tell this Assembly he was aware of these donations to the Conservative Party by North West Trust while he was preparing the government's rescue package, and can he indicate whether these donations are the reason why these two individuals were appointed to run the real estate arm of this company?

MR. JOHNSTON: Mr. Speaker, again the member leaves the impression that the province was the one to put up the \$277 million. Nothing could be further from the truth. It was the federal government's money, and through the finesse and negotiating strength of this government, we managed to save that institution.

Now, let it be very clear with respect to the real estate assets, Mr. Speaker. The two gentlemen are in fact -- and it's a matter of public record that I have said before -- managing the real estate assets on an interim basis. Here's what happened. We ended up with the financial North West Trust, saved and whole, ready to do business in this province, to move in where some of the larger institutions have not been able to provide funding. We had that company in place, saved by federal government transfers. We have also total control of that corporation, and you know what? We also have the real estate over here as well. Mr. Speaker, as far as I'm concerned, it's a good deal, and I'm betting on the future of Alberta, contrary to what the Liberal Party is.

MR. McEACHERN: Mr. Speaker, will the Treasurer admit that it was not the North West Trust Company that was being rescued by the \$275 million from the CDIC, but it was the Alberta Treasury Branches, because the Alberta Treasury Branches put some \$650 million into those companies? Most of it was going down the tube, and it was the Treasury Branches that were rescued, not North West Trust.

MR. JOHNSTON: Once again the member knows nought of what he speaks.

### **Agriculture Prices**

MR. R. SPEAKER: Mr. Speaker, my question is to the Minister of Agriculture. The minister has just returned from Ottawa, and I'd like to ask with regards to freight rates. The 1986 freight rates for grain were fixed at the 1985 rate at a cost of some \$42 million. Could the minister indicate whether that matter was discussed in Ottawa, and will the farmers of Alberta be able to hear the good news that the rates will be frozen once more for 1987?

MR. ELZINGA: Mr. Speaker, in responding to the hon. Member for Little Bow, can I indicate to him that it was discussed, but in a very brief sense in that we had a number of other topics that we did discuss. One was an issue that he has raised in this House on a number of occasions, as have a number of our colleagues, and that relates to the inclusion of the irrigated areas in southern Alberta under the special grains payment. I am happy to report to the hon. members, it relates specifically to that. We have had an assurance from the federal government that they are going to take into account the differences between the irrigated and dry land.

As it relates to the freight rates, as the hon. member is aware, last year the federal government did freeze it because of depressed grain prices. We have not heard yet as to what their plans are, and as soon as I am notified -- and I underscore what I mentioned to the hon. member earlier. We indicated in a very forceful manner our concern to make sure that there were no increased costs imposed on our farming population at this time.

MR. R. SPEAKER: Mr. Speaker, a supplementary question. Could the minister indicate what discussions were carried out with regards to the initial prices for grain for 1987, and when those initial prices will be announced to western farmers?

MR. ELZINGA: Yes, Mr. Speaker. Again in response to the hon. Member for Little Bow, both the minister responsible for the Wheat Board and the Minister of Agriculture did participate in our meetings. The minister responsible for the Wheat Board indicated that he hoped to announce, when it is traditionally announced during mid-April, what initial prices would be, and it is his hope that he can keep initial prices as high as possible, acknowledging that they must be somewhat reflective of market conditions.

MR. R. SPEAKER: Mr. Speaker, a supplementary question with regards to the payout on the special Canadian grain program. Could the minister indicate when the payout will be made available to western Canadian farmers? Has a date been established at this time?

MR. ELZINGA: Yes, Mr. Speaker. It will be sometime prior to the end of May.

MR. R. SPEAKER: A final supplementary, Mr. Speaker, and it's with regards to a Canadian farm Bill, a broader farm Bill, somewhat modeled after the American farm Bill. Was there discussion on a topic such as that, and are the federal and provincial ministers working towards that kind of legislation or program for Canadian farmers?

MR. ELZINGA: Mr. Speaker, we're discussing, as the hon. member is aware -- and we tabled a copy, I believe, in the House sometime ago -- our national agricultural strategy that does cover concerns such as the hon. member has raised, as it relates to finance, soil conservation, credit needs. We haven't made as much progress as I would have liked to have seen as it relates to putting meat to the bones of that very important strategy, but we're hopeful that we will have an additional meeting. And then in July the agriculture ministers from across Canada will be gathering together again in Quebec city to hopefully finalize a number of the reports that have been forthcoming from the national agricultural strategy.

MR. SPEAKER: The Member for Taber-Warner.

MR. BOGLE: Thank you, Mr. Speaker. A supplementary to the hon. Minister of Economic Development. It relates to the original question asked by the Member for Little Bow on freight rates. The question is: hearings were held two days ago on an application by CNR for variable freight rates. Can the hon. minister update this Assembly on the Alberta government's position on this important matter?

MR. SHABEN: Mr. Speaker, I did file with the Legislature Li-

brary a copy of the Alberta government's submission to those hearings.

The Alberta government has held the view for a number of years that transportation is a key component to the economic future of this province. We depend so heavily upon our railway system to move our goods to market, whether it's south of the border or to eastern Canada or offshore, and it is imperative that we work toward reducing our transportation costs. Our submission to the CTC was in support of reducing grain shipping costs by \$1.50 per tonne for certain points as a result of the economies of using block trains. We will continue to support other measures that will reduce the cost of transporting our goods to market.

MR. TAYLOR: Mr. Speaker, a supplementary to the Minister of Agriculture. It's with respect to the cut in the feed grain supplement from \$21 a tonne to \$13 a tonne. Could he enlighten the House as to just how the formula is worked out, so there would be some way of forecasting the future? Just how did you arrive at \$13 a tonne?

MR. ELZINGA: Mr. Speaker, I'm more than happy to elaborate for the hon. gentleman from Westlock-Sturgeon and indicate to him that, as he is aware, we did have the feed grain market adjustment program put in place at \$21 a tonne because that was close to the actual cost of transporting by the method of payment as it relates to the Crow benefit. I'm not sure what the position of the hon. member is, but we support the method of payment going directly to the farming population so that we can have further diversification. I'm not sure what position the Member for Westlock-Sturgeon has taken.

MR. TAYLOR: How did you get the \$13?

MR. SPEAKER: This is not debate.

MR. ELZINGA: But Mr. Speaker, we firstly extended the feed grain market adjustment program, which was due to expire the end of March, to the end of June. Beginning July 1 we are implementing a new program, the Crow offset program, which will pay out \$13 a tonne, acknowledging that we are facing some financial constraints ourselves as a government. In addition to that, the actual economic distortion was \$18 a tonne when one takes into account the supplies of feed grains themselves, and that is how we come about at reducing it to \$13. We acknowledge that there is always a deep concern when we do reduce any of our components as it relates to spending, but we also acknowledge that we have to counteract, as best we can, our huge budgetary deficit so that we will continue in future to have money for program delivery rather than servicing our debt.

MR. SPEAKER: Member for Athabasca-Lac La Biche, supplementary.

MR. PIQUETTE: To the minister of economic development. In view of the fact that six of seven major farming organizations have come out against variable freight rate, what proof is there that the farming community is in favour of the variable freight rate as advocated by the provincial government?

MR. SHABEN: Mr. Speaker, my understanding is that when the advertisements were placed inviting submissions at public hearings on the incentive freight rates, there were no objections

from Alberta. There were objections from some other provinces. Then on the day prior to the hearings, there were a number of farmers that did object, and that isn't surprising. In many cases a lot of the producers weren't aware that the incentive rates would not drive down prices at other points. They were under the misconception that it would cause prices to increase for grain being shipped out of other points, but that was not the case.

MR. SPEAKER: The Member for Calgary Fish Creek, followed by the Member for Edmonton Kingsway.

### **Calgary Social Services Caseloads**

MR. PAYNE: Thank you, Mr. Speaker. If I could return to the report issued recently by officials in Calgary of the Department of Social Services, I would like to ask the minister if she has had an opportunity to analyze the data, and if so, from her analysis, can she indicate to the members whether or not she detects a moderating trend in the caseload in Calgary?

MRS. OSTERMAN: Well, Mr. Speaker, certainly it is the first time in well over a year that I've been acquainted with -- the statistics in the social allowance area on a month by month basis have seen significant increases. It is the first time we've had statistics out of a region in the province that show a decline.

MR. SPEAKER: Member for Edmonton Kingsway, followed by the Member for Calgary Buffalo.

### **Credit Union stabilization**

MR. McEACHERN: Thank you, Mr. Speaker. On Monday the Provincial Treasurer apologized for incorrect statements made by him on Friday last about possible criminal charges against board members of the Edmonton Savings & Credit Union. However, during the course of his remarks on Monday, the Provincial Treasurer also said

there were potential -- underscore potential -- opportunities for at least civil litigation to take place.

Will the Treasurer now admit that he has no knowledge of any charges, civil or criminal, pending or contemplated against the members of the board of Edmonton Savings & Credit Union?

MR. JOHNSTON: Mr. Speaker, at no time did I use the word criminal charges.

MR. McEACHERN: The question was: civil or criminal charges.

Will the Treasurer now clearly withdraw all imputations against the good names of the members of the board of Edmonton Savings & Credit Union and apologize to these people for his previous statements?

MR. SPEAKER: The Chair has great difficulty as to who indeed was making the statements. Provincial Treasurer.

MR. JOHNSTON: Mr. Speaker, as I've said before on this occasion, this is an extremely sensitive matter. I cannot change what I said most recently, and that is that there are still some very serious questions about the management and the board of directors, and those still can be listed. I do not prefer to do that, but in fact that is *the* current status. As I said also, I'm attempt-

ing to negotiate a reasonable arrangement or settlement which in essence would save any further litigation, but it is a possibility.

MR. McEACHERN: Mr. Speaker, does the minister think that it is fair to use his privileged position in this House to state allegations against people who cannot defend themselves because he will not present the evidence which backs up those allegations?

MR. JOHNSTON: Mr. Speaker, I'm not about to get into that sort of a nonsense exchange. In fact, it's true; I have made it very clear, as candidly as I can, that there are some serious matters here, serious matters which have been raised by a number of individuals who do external checks. I would like the opportunity at some point to recount that. If it doesn't come to some satisfactory arrangement, I'm sure I'll do that. But it was not I who first of all raised the word "criminal." That clearly is in the bailiwick and responsibility of the Member for Edmonton Kingsway.

MR. McEACHERN: Mr. Speaker, it's totally unfair to leave these unsubstantiated allegations floating. Was it the intention of the Provincial Treasurer to discredit the board of the Edmonton Savings & Credit Union in the eyes of the membership and thereby aid the Credit Union Stabilization Corporation in its attempt to bully the Edmonton Savings & Credit Union into this amalgamation scheme? Are you trying to influence the . . .

ANHON. MEMBER: Point of order.

MR. SPEAKER: No, the point of order will have to come at the end of question period, hon. member.

The Chair has great difficulty with this line of questioning and indeed requests the Member for Edmonton Kingsway to go back and carefully examine what the member himself raised in the various times that the issue has been on the floor.

MR. JOHNSTON: Mr. Speaker, I think it's important that we just for a second, since the member raised in the context of the major moves made by this government to save the credit union system, going back to September of 1985, when in fact under very difficult circumstances this government moved clearly to protect all depositors within the credit union system. And under the legislation which is, in fact, the legislation that I am bound by, I have responsibilities, as does the Credit Union Stabilization Corp. have responsibilities by legislation enacted by this Assembly. And essentially what we're doing is following the direction of that legislation. In doing so, I can attest to a thousand different people, members of the credit union, very strong, active Albertans, who want to save this credit union system along with the government.

We, Mr. Speaker, have made some significant adjustments to the way in which the credit union system will operate. First of all, the first step we did was to ensure that all deposits were guaranteed, a \$300 million-plus responsibility taken by this government to save the credit union system, to ensure that that financial institution stayed as an integral part of the financial system of this province. Second, we took the real estate, which was one of the first problems that was experienced by credit unions, bought it from them essentially, moved it out of their hands, saving again vast amounts of losses.

The third thing -- and I think it's important that this is on the record. [interjections] I'm only answering the question, Mr.

Speaker. The third thing that we did, unheard of and unparalleled in Canada, was to bring forward unique funding whereby we transferred interest-bearing debentures into the hands of the credit union, equal to the accumulated losses which were there and which will provide an income stream and will take that loss off their balance sheet. This is intended to save the credit union system, and I think it's unfortunate that, contrary to the views of over 100,000 members of the credit union system who support this movement, this member is causing a red herring across the track of success.

MR. TAYLOR: Why don't you let them vote?

MR. SPEAKER: Member for Edmonton Meadowlark, the Chair will recognize you when your leader has finished. Member for Edmonton Meadowlark.

MR. MITCHELL: Thank you, Mr. Speaker. Supplemental to the Treasurer. Since it is clear that there are a number of unanswered questions and doubts in this entire process of amalgamating the credit unions -- for example, the rights of the democratic membership of the credit unions, the conflict-of-interest potential in the actions of the Credit Union Stabilization Board, and the question of whether the government has the authority to amalgamate at all -- will the Treasurer order a halt to this amalgamation until he introduces his new Credit Union Act and the Legislature has an opportunity to debate credit union policy in this province?

MR. JOHNSTON: Well, Mr. Speaker, I'm only guided by the mandate which is provided by this Legislative Assembly. As I've indicated, I'm following, wherever possible, the outline and the principles and in fact the details of that legislation.

But you know the uncertainty raised by the member is probably uncertainty only in his mind, because I wanted to read into the record a very important statement made by the Credit Union Central, which is the large, governing body of the credit union movement in this province, who say and I simply will quote, I hope, directly from their letter to me. They're saying that -- I want to say in unequivocal terms, Mr. Speaker, that the Credit Union Federation of Alberta does not believe that the process of amalgamation should be stopped. They recognize, contrary to the Member for Edmonton Meadowlark, that this is a significant move to save the credit union system, that all the elements have been thought through, that this is the best, well-founded policy. Everyone in the credit union system knows that except that it's unfortunate again that the Member for Edmonton Meadowlark is drawing this across, similar to the Member for Edmonton Kingsway. They're both in the same game. [interjections]

MR. SPEAKER: Order. Member for Calgary Buffalo, followed by the Member for Calgary Forest Lawn, if there is time.

### Lottery Funds

MR. CHUMIR: To the Minister of Career Development and Employment.

MR. SPEAKER: It is the practice to wait until the Chair sits down, hon. member.

MR. CHUMIR: Certainly, Mr. Speaker.

To the Minister of Career Development and Employment. It

appears that the government has \$110 million in unallocated lottery funds without having made a public report of this amount. The fund is growing at a tremendous rate, having added over \$50 million in the past year, and apparently the government is the only entity in the province with no idea of what to do with it. What is the government's policy with respect to the use of this windfall, \$110 million nest egg?

MR. ORMAN: Well, Mr. Speaker, I, unlike the hon. member, don't think that just because I've got it, I should go out and spend it. I think it should be pointed out that on an annual basis we file the annual report for the Western Canada Lottery Corporation, and that report details the activities of that organization. So to say that it's not public is absolutely contrary to the truth.

MR. CHUMIR: Well, that was nicely evaded or in fact not so nicely evaded. Perhaps I might ask the minister how the government can take a broadsword to the disabled, to single persons on welfare, to community schools, to the learning disabled, and to others, and not use some of this \$110 million to relieve the burden on them?

MR. ORMAN: Mr. Speaker, again, if the hon. member was to review the annual report of the Western Canada Lottery Corporation, he would see that there are a number of worthwhile causes funded by the use of lotteries funds. Fairs and exhibitions throughout this province: a substantial amount of the money is going to those areas, which support the rural economy, a very important component of the rural economy and the trade that happens in rural Alberta. We have the research centre for the physically disabled, which I think is a very worthwhile program that lotteries funds go towards. It goes to promote cultural activities, as well as the support of amateur sport in this province.

I reject the suggestion that we do not have a plan or a strategy for lotteries funds. It's been well thought out, and we give a great deal of care and attention to the allocation of those funds.

MR. CHUMIR: The matter in issue is not the amounts that have been allocated to date; the issue is the \$110 million windfall that's sitting there and for which there is no plan. I'm wondering whether the minister will ensure the House that a policy will be presented to the members of this Assembly before the end of the current session so that we can have a full and open public debate on what the proper use of this money is.

MR. ORMAN: Find it and spend it, Mr. Speaker. He talks about the concerns that we have in the areas of education and health care. I'd prefer that we had the \$60 billion that the Liberals took out of this economy by way of unjust taxes to oil and natural gas. I'd far rather have those proceeds, Mr. Speaker, than to have to deal with them out of lotteries.

One of the concerns particularly with the lotteries proceeds, Mr. Speaker, is that I do not want to be in a position, as long as I'm responsible for those proceeds, to create a dependency, because there are some quarters of this Legislature, some quarters of the cabinet -- and I'm looking at one of the individuals right now, Mr. Speaker -- that do not think we can depend in the long term on the proceeds of lotteries. So I do not want to create that dependency, and I think the areas where we use them is quite appropriate. We will, as a government responsible for those proceeds, develop projects and programs that are for the benefit



of all Albertans, and traditionally, Mr. Speaker, they've gone to areas that are outside the traditional responsibility of government.

MR. CHUMIR: The minister is handling this thing with the adeptness of Liisa Savijarvi's last ski run.

Why has the government not responded to the advice in the Auditor General's report, a report repeated three times, that the government is acting illegally by not paying the \$110 million into the General Revenue Fund and charging the expense to an appropriation of the Legislature? That's been repeated three times. Why has the government not complied?

MR. SPEAKER: The time for question period has expired. Is the House willing to finish this set of supplementary questions?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Hon. minister.

MR. ORMAN: Thank you, Mr. Speaker. I, too, have seen the report of the Auditor General, and it is not my view that the only option we have in dealing with lotteries funds is to put it into general revenue. There are other ways of dealing with it, and I am at the present time considering legislation in that vein. Once I make a decision to bring it before this Legislature, the hon. member will have sufficient time to debate it.

MR. R. SPEAKER: Mr. Speaker, supplementary to the Provincial Treasurer. It's with regards to the revenue mix and putting lottery funds into that revenue mix. My constituents, without exception at the present time, have endorsed a policy of lottery funds going towards health care. Could the minister indicate why that is not a policy of government or not a consideration at this time when there are many Albertans, and I would say a massive majority, that support that policy?

MR. JOHNSTON: Mr. Speaker, I think that if this government was underfunding some programs such as the one mentioned by the Member for Little Bow or, for example, as they've done in other jurisdictions -- key certain revenue sources for particular programs -- then there might be some merit to the general thrust of the argument. Yet as the member well knows, as all Albertans know, the level of services in this province is funded very highly and in fact is beyond compare in terms of other provinces. So the need, as we see it, is one of using the surpluses from the lotteries for special purposes.

Secondly, Mr. Speaker, we've been criticized -- and I'm sure there will be some comments here this afternoon with respect to my budget -- of implementing a regressive tax regime. Any economist knows that lotteries are the most regressive form of taxation that there is. I think it would be essentially wrong if not morally wrong for us to use a very regressive form of taxation for a government purpose.

MR. SPEAKER: Member for Calgary Mountain View, followed by the Member for Calgary Millican.

MR. HAWKESWORTH: Thank you, Mr. Speaker. My supplementary is to the Minister of Career Development and Employment. The minister went to New York last December to get ideas of how they spend lottery funds in that state. I wonder if the minister will give an undertaking to take a tour of Alberta to

get ideas from Albertans as to how that lottery money might be used.

MR. ORMAN: Mr. Speaker, firstly, let me set the record straight. I did not go there to determine how they spend their funds. I get ample suggestions from my colleagues and from other Albertans and now from the opposition. I went there to see how they run their operation and the economic benefit of being in the lotteries business.

I should point out that my hon. colleague the minister of hospitals and health care has indicated to me that he views the use of lotteries funds as a contributor to preventative health in the areas that I've delineated with respect to amateur sport and recreation. So to say that lotteries proceeds are not being used to address some of those most important issues -- that's not the case.

I'd also like to point out, Mr. Speaker, to the Member for Calgary Mountain View that in fact the Wild Rose Foundation deals on a very regular basis with issues that do not fall within regular departmental jurisdictions with respect to lotteries proceeds, and there are a number of very worthwhile causes that are being funded by the Wild Rose Foundation. As a matter of fact, I believe some two weeks ago I did table that document, and I refer the hon. gentleman to it.

MR. SPEAKER: Final supplementary on the issue, Member for Calgary Millican.

MR. SHRAKE: Mr. Speaker, the supplementary question I had was on the question asked by the Member for Calgary Buffalo. I think the hon. minister was just answering that question. That is, on the lottery money, is not some of this money going into the Wild Rose Foundation? And I guess we have our Alberta parks and recreation foundation, which some of these groups that had been mentioned, namely nonprofit groups, could apply and get funding and get ...

MR. SPEAKER: Hon. member, I know the Chair is taking a chance in wondering if this is indeed a question.

MR. ORMAN: Mr. Speaker, there are numerous programs that are funded as a result of the use of lotteries proceeds. Quite obviously the members opposite will have the opportunity to discuss the use of those programs in vote 4 of my department estimates.

MR. SPEAKER: That's the end of question period. Point of privilege will be ...

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REV. ROBERTS: I rise, Mr. Speaker, reluctantly, not having reviewed the *Hansard*, but it seemed to me that -- and I'm told the Minister of Hospitals and Medical Care said that I made up stories like the one cited because I could not provide evidence, which in fact was the point. Mr. Speaker, I assure you that I have not made up any examples of stories; I cannot give details at the request of the daughter who called me. This has happened not only to me but before to other colleagues of mine, and I do ask that the minister respond to the allegation that I made the story up.

MR. M. MOORE: Mr. Speaker, I have absolutely no evidence

to believe that the hon. member made up the stories and none to believe that they are true either.

MR. SPEAKER: On this particular point of purported privilege.

MS BARRETT: Well, no, I'll wait for another one then.

MR. SPEAKER: Okay. The Chair does indeed have a copy of the Blues. The statement by the hon. minister was "if the hon. member," and therefore there is no point of privilege at this stage. [interjections] One at a time. The Chair will get around to everyone who wants to get into it. The Chair recognizes the Member for Edmonton Meadowlark first, the Member for Edmonton Highlands, the Member for Calgary Fish Creek.

MR. MITCHELL: Mr. Speaker, I rise on a point of privilege as well which is in addition to the point of order which I spoke to you about yesterday, and I would like to have the chance to discuss that as well. I'm referring to statements by the Treasurer earlier today in question period when he made the claim that he negotiated a \$275 million grant or contribution from the federal government to Alberta for North West in order to assist in the bailout of North West Trust and Heritage Trust. I would like to point out that in fact that was an insurance payment made by the Canada Deposit Insurance Corporation, and the people who have invested their money and deposited money with North West Trust . . .

MR. SPEAKER: Come to the point of order please, hon. member.

MR. MITCHELL: The people . . .

MR. SPEAKER: To the point of privilege or point of order. You started out as a point of order.

MR. MITCHELL: I said on a point of privilege in addition to my point of order, and I have a point of order which I discussed with you yesterday and this is . . .

MR. SPEAKER: One at a time, thank you.

MR. MITCHELL: I'm doing one right now and that's the point of privilege. My point is that it was not some negotiated grant from the federal government; it was an insurance payment by the Canada Deposit Insurance Corporation, and the depositors in North West Trust and Heritage Savings & Trust paid premiums via their deposits which are in turn paid by those companies to the federal . . .

MR. SPEAKER: Hon. member, please give way. Please give way, hon member. Point of order.

MR. YOUNG: Mr. Speaker, on a point of order. A difference based on facts is definitely not a point of order or a point of privilege.

MR. SPEAKER: The Chair entirely agrees, and the Chair has been waiting with great expectation to find out what the point of privilege was. But the longer the member went on it did indeed become a dispute as to interpretation of facts. Therefore, that point of privilege is not regarded as a point. That's the end of the discussion on that one.

The Chair now recognizes the Member for Edmonton Highlands with respect to a point of order, followed by the Member for Calgary Fish Creek, and then point of order is the understanding of the Chair, Member for Edmonton Meadowlark.

MS BARRETT: Actually, Mr. Speaker, in my hurry to sit down a moment ago, I failed to mention that it is a point of privilege I rise on. I, too, haven't had an opportunity to see the Blues from this afternoon's question period, but I do believe the Minister for Hospitals and Medical Care referred to my comments yesterday in the House as "misleading the House." I think he made a caveat that he wasn't aware whether or not those misleading comments were intentional or unintentional. I would ask the minister to withdraw that remark. I have confirmed from one source that it was a health care facilities review committee, and I do -- I do honestly, legitimately -- question whether or not the other instance involved a nursing home care team or nursing care team, whatever it's called. But in any event, one of those might be a mistake but the other one was not. I was not misleading the House, and I request the minister to withdraw the remark please.

MR. SPEAKER: The Chair directs the minister not to withdraw the remark, because the Chair also realizes -- as the Chair has been directed many times from this side of the House -- that indeed since 1958 it had been ruled parliamentary to use the following expression: mislead.

There was no "intentional" in front of it. The Blues can be checked. The Chair now recognizes the Member for Calgary Fish Creek.

MR. PAYNE: Thank you, Mr. Speaker. In his final supplementary today to the Provincial Treasurer, the Member for Edmonton Kingsway undeniably was impugning ministerial motive. As any student of *Beauchesne* surely knows, that is a tactic that is out of order in the question period. And I might add, Mr. Speaker, that it's not the first time he has resorted to such a tactic.

MR. SPEAKER: There came a point of information. Perhaps the hon. Member for Edmonton Kingsway will indeed peruse the Blues overnight. Thank you. The Chair now recognizes the Member for Edmonton Meadowlark.

MR. MITCHELL: Thank you, Mr. Speaker. I rise on a point of order concerning a question I asked yesterday which was disallowed on the basis that the same line of questioning was pursued in the estimates debate the previous night. I quote your ruling on page 469:

In addition to all that, the supply estimates for Public Works, Supply and Services were indeed passed last night, and the Chair, listening from the Speaker's office, heard the same line of questioning. Perhaps the member could rephrase.

Mr. Speaker, you're exactly correct, and I did pursue the same line of questioning that I had pursued in the previous night's estimates debate. However, I quote from the minister's response to my line of questioning that evening. I quote from page 453 of *Hansard*:

I can assure the House that there is nothing in the estimates of this department that is in any way related to such a project that he may have in mind, "such a project" referring to the Olympia & York project.

Therefore, the minister has said that it was inappropriate for me to deal with that matter in estimates. At the same time, I was told it was inappropriate for me to deal with it in question period. What recourse do I now have? I leave the resolution of this matter to your judgment. Thank you very much.

MR. SPEAKER: Having perused the Blues, as one of my more exciting forms of recreation, the Chair still holds to the fact that the hon. member yesterday was called to order for inappropriately referring to the fact -- not once, not twice, but three times -- that the minister had refused to answer. And that was the reason why the Chair interrupted the hon. Member for Edmonton Meadowlark and to the line of questioning. That's one issue. And the Chair is going to keep reminding all quarters of the House that if indeed constant reference is made to whether a minister has answered a question or not, then the Chair will intercede in the House and call all members to order who violate that rule of *Beauchesne*. That's indeed what the problem was yesterday.

Now, with respect to the fine line of questioning with the Minister of Public Works, Supply and Services, as the advice was given to the member privately and as indeed the minister refused to answer questions in the estimates in that regard because it was not part of the '87-88 estimates, that's one issue. But with respect to the member raising the question, as long as it is phrased with a sense of urgency and immediacy, it can indeed be raised within the terms of question period.

MR. DAY: Point of order, Mr. Speaker.

MR. SPEAKER: I'm sorry. I'd like to see who else I might have. The Chair recognizes the Member for Red Deer North, followed by the Member for Edmonton Kingsway, followed by the Member for Westlock-Sturgeon. The Chair encourages anyone else who would like to get into this to -- the Chair also points out that we will adjourn at 5:30. Red Deer North.

MR. DAY: Thank you, Mr. Speaker. Not wanting to prolong your recreation in perusing the Blues, I will at least address this as briefly as I can. I refer the members to Standing Order 23(i), and I'd like to refer directly to the line of questioning in the House today by the Member for Westlock-Sturgeon in addressing the Provincial Treasurer. In doing so, he was directly linking the member's involvement in consultation with North West Trust with donations. I would like to suggest that that is a sign of the continued degeneration of opposition questioning that we have been witnessing in trying to impugn motives. They have gone past grasping at straws and they are grasping at little bits of mud. I would like to call the member to a point of order on a direct contravention of Standing Order 23(i) in imputing motives.

MR. SPEAKER: The Chair appreciates the direction. The Member for Edmonton Kingsway.

MR. McEACHERN: Thank you, Mr. Speaker. I rise on a point of order citing *Beauchesne* 327, page 115, which says that a minister having read from a document in the House must table that document. I ask the Treasurer to table the document from which he was reading at the end of the question period on Edmonton Savings & Credit Union.

MR. TAYLOR: Mr. Speaker, also on a point of order in respect

to the Provincial Treasurer. Last year when I was green and innocent, he took me in by saying I would have to prove my points about the government bailing out North West Trust at that time. I indeed made my point, proved everything, and he still got away somehow or another. Now, I'm not going to let him get away a second time. He did say quite clearly that he negotiated the \$275 million insurance payment which everybody pays for to the depositors. Now, coming from many of the back bench over there, that could be misleading; it could be an accident. But coming from the Treasurer, that's absolute falsehood to the House and I'm willing to stand on that. If the Blues say ...

MR. SPEAKER: Thank you, hon. member. The Member for Westlock-Sturgeon is in danger of digging an even deeper hole and coming now to a matter of privilege, so with respect to the discussion, I'm going to have to deal with the Blues overnight. No further comments on this particular point. The Chair recognizes the Member for Calgary Mountain View.

MR. HAWKESWORTH: Mr. Speaker, are you ruling on the point of order raised by the Member for Edmonton Kingsway? I didn't hear a ruling from the Chair on the point of order which he raised, having cited *Beauchesne*.

MR. SPEAKER: No, the Chair is not ruling on that matter at this time. The Chair is taking it under advisement with respect to what indeed was read and stated, but the Chair will come back to it as the Chair has done before.

The Chair apologizes to the Member for Calgary Fish Creek. There's no need to revert to guests because the member's guests have indeed left.

## ORDERS OF THE DAY

head: COMMITTEE OF SUPPLY

[Mr. Gogo in the Chair]

MR. CHAIRMAN: The Committee of Supply will now come to order. Hon. members wishing to speak to the supply questions, please indicate from their place in the House.

## Treasury Department

MR. CHAIRMAN: Mr. Minister, would you care to make some opening comments relative to your estimates?

MR. JOHNSTON: Yes, thank you.

Mr. Chairman, we have before us the estimates of the Department of Treasury, a request for \$714 million approximately. That estimate, of course, is up over the past year. The reason for that increase is essentially because of the additional interest costs which this government is now required to pay to substantiate an increasing deficit for the period 1986-87 and to pay for the expected deficit which would accumulate over the ongoing year from 1987 through to the end of 1988. So since that is the significant element in these budgets, I think in my opening comments today I will talk about that, about the concept which is involved in the Treasury plan, to some extent modify and perhaps even complement some of the positions which were taken in the budget speech.

Before I do that, I think I should in a customary fashion, as I

have done perhaps 14 or 15 times in this House, express my appreciation first of all to my own office staff, who have now — as a matter of fact, on Friday we will celebrate at least 12 years together. I want it to be very clear that without my two key assistants, Sharon and Arlene, whatever success I have had would certainly have been halved, if not eighthed or quartered, without their tremendous and continuing assistance.

At the same time, Mr. Speaker, I should note that two new individuals have joined my staff. Myles McDougall and John Jacobson are two new assistants who will be assisting me both with the day-to-day routine aspects of my job and, more importantly, to ensure that proper, adequate, and quick responses to my colleagues in the Legislative Assembly and to all Albertans are effected. I should say, as well, that my former executive assistant, Randy Dawson, who was a distinguished servant of the government, has now returned to the University of Alberta to pursue studies. I do wish him well and thank him as well for his assistance.

Moreover, Mr. Speaker, the Department of Treasury and I have now had a little less than a year together. We have had some very interesting times. There has been that significant shift in the kinds of problems which we're facing, the kinds of assumptions with which we're dealing, and of course we've had to shift as a result. And I want it to be very clear that in all my dealings with the Department of Treasury, they have been extremely magnificent people, responding quickly, insightful, providing good advice. I think the entire department have been very dedicated servants of the government. I can't ask for more in terms of the way in which they have responded over the past year under very difficult circumstances.

So, Mr. Chairman, I start this estimate discussion today in reference already to the size of the interest which this government is paying and laying before the Assembly, both in the estimates that I'm presenting today and in the budget speech, a plan which deals with the growing accumulation of deficits.

[Mr. Musgreave in the Chair]

And it is that plan, Mr. Chairman, which I think has now been well understood by the people of Alberta. We have done all we can to communicate the intention as to how we expect to deal with the reduction in revenues. Moreover, we have communicated how we set the expenditure plan of this budget, expenditures which recognize clearly several priorities of significance and which keep Albertans in the forefront in terms of the level of services provided. And those are -- I'm sure all members are well aware -- the area of education, both secondary and advanced education; the area of manpower and employment; the area of health and medical care; and the area of providing assistance to those in need. Those are the clear examples of priorities which were carved in this budget plan, and we maintained, as much as possible, expenditure and the allocation resources to ensure that those objectives were met.

This plan also, Mr. Chairman, has to deal with the accumulated deficit. Now, last year when I presented both the budget and my estimates, it was not foreseen, at least clearly, that the price of liquid hydrocarbons, oil in particular, would drop below the double-digit level, trading as low, perhaps, as \$8.50 or \$9 sometime in July. Therefore, there was a flaw with respect to the revenue forecast in that budget, a flaw which became a very significant problem in terms of the size of the deficit, and as I reported in the budget plan, the deficit expected now for '86-87 is of the order of \$3.3 billion.

It is fortunate, Mr. Chairman, that we did take clear action in the fall of 1986 to ensure that the size of expenditures of this government were limited, and I think the expenditure freeze which was put in place by this government in the fall was in fact very effective. As I said in my budget address, something of the order of \$180 million will be saved, and I think that's a significant contribution to the lapsed appropriations of this government for the year '86-87. Without it no doubt the size of the deficit would have grown.

When I was thinking about my comments here today, of course I wanted to make some comments with respect to the size of deficits in other jurisdictions. All members know that it has been a popular political movement to deal with deficits, going back, I suppose, to Aristotle's time, who also talked about deficits, and perhaps it's been a continuing phenomenon. But you know, if you look at the evidence which is before us with respect to the federal government, you can see the way in which these deficits can grow unchecked unless some clear and determined action is made to deal with that particular problem. If you look at the size of the federal deficit between 1974-75, when it was approximately \$2 billion, it has now risen to just under \$30 billion; it's been as high as \$38.3 billion federally. And the accumulation of public debt, Mr. Chairman, has gone from \$25.6 billion in 1974-75 to just about \$200 billion by the time 1984-85 rolled around.

Clearly, Mr. Chairman, as all members know, the way in which that debt has expanded and increased is not very responsible, in my view, and in fact has bound the hands of the federal government in terms of its alternatives and, moreover, has taken away the flexibility of the government to do very positive things with respect to the tax side. And therefore this debt is being paid by somebody, and obviously it's being paid by Mr. and Mrs. Citizen of Canada. Moreover, the size of the accumulated debt is now so large that it's almost impossible to reduce that debt. So instead of having a clear plan to eliminate or remove the debt, what has often happened now -- similar to the federal government and found also in other provinces -- is to simply roll the debt over year after year after year.

Of course, we could do that too. We could let the deficit grow by \$3 billion or \$4 billion a year. At the end of a five-year period we could have \$15 billion. The rough cost of servicing that on interest alone would be well over \$1.5 billion, getting up above 10 percent of our total budget. We could continue to roll it over, let it accumulate, as other provinces have done. But no, Mr. Chairman, it's my view and my sense that the people of Alberta do not want that to happen. That is why we brought forward this balanced plan which will not allow the deficit to increase to unusual levels, unnecessary levels, but will in fact provide on a four-year basis an opportunity to reduce that deficit from \$3.3 billion down to a balanced budget sometime in 1990-91.

Well, of course it requires increases on the revenue side. Albertans well know that they have the lowest tax regime of any province in Canada, and the advantages here are significant. I had a note from my colleague the Associate Minister of Agriculture just this morning. She pointed clearly to a conversation she had with a young man who indicated that his disposable income would increase by \$2,000 having moved to Alberta, and the purchase of a car compared to B.C. -- he would save something in the order of \$500 alone just because this province does not have a sales tax. So that's a significant benefit: protecting disposable income and ensuring as well that the consumption part of consumption, investment, and government spending continues to

expand and grow. And clearly the evidence over 1986 has been that the retail sales and the per capita income has been the highest of any province. Similarly, the disposable income has been well protected, not just in the past year but also over the past decade as well, and it is our commitment to ensure that that disposable income is protected in the future. This plan provides for just that solution.

So that's the outline. With respect to other elements of revenue, there's no doubt that the revenue forecast is open to debate, open to some question. It's my view that the \$17 U.S. assumption now implicit in this plan is a reasonable assumption. Contrary to the previous year, where I simply indicated that we would take one-third of the government spending on revenues and reduce it by that amount, I'm now providing to the Assembly the fact that we are using the \$17 assumption built into our revenue assumptions for 1987-1988. I checked this morning the New York merc, and I think the price of liquid crude oil, fairly light, was down a few ticks, trading as high on recent contracts as \$18.48, obviously somewhat lower as you went out. But nonetheless, it appears to me, Mr. Chairman, that the OPEC regime is now holding fairly firm. Of course, I expect it to soften over the next two to three months, but I do believe that overall the \$17 assumption is a reasonable one.

I think as well that the OPEC cartel is now back in action controlling both the volume and the pricing, and I believe you're now going to see the price of liquid hydrocarbons, particularly crude oil, rise consistently over the next decade, to the advantage of Alberta and reinforcing much of what we have assumed here in this province, both in terms of investment, job opportunities and, to a lesser extent, the revenue assumptions of this budget.

One only has to look at the United States' supply and demand curves to see that in fact the reduction in the production of crude oil through next year, '87-88, will likely be reduced by approximately 900,000 barrels a day. That's a significant reduction, and I would expect that over the three-year period oil production in the U.S. will soften to somewhere just over six million barrels a day. And obviously they're going to become larger and larger importers of crude oil and more and more dependent on OPEC's supply. At the same time as the demand for hydrocarbons is increasing, the addition to supplies of natural gas is reducing. All in all, it's a formula which will obviously put the Americans in some difficulty on the supply side, will allow them to be held ransom or hostage to OPEC pricing, and will have them here asking for and buying our crude oil and natural gas supplies in a very short period. That, of course, is part of the longer term assumptions, no question about it. But nonetheless, that is there, and I think we're now at the point where it is to a significant benefit, that we know that to be one of the phenomena emerging before us on the liquid hydrocarbon side.

During the year, Mr. Chairman, we've had to deal with the question of financial institutions. Now, that has raised some questions here in question period today. There's no doubt that with respect to the problems which Alberta has experienced over the past four to five years, the feeling of confidence in investments in Alberta has waned, if not lapsed. And it's been drawn to my attention that several of the larger financial institutions while continuing to support Alberta were not overly anxious about new commercial or business loans in this province.

The history of bankruptcy is there. I know all of us cringe when the bankruptcy numbers come out. There's no question it's one of the real problems we are facing. I think, however,

that moves to strengthen and to save the financial institutions will in fact provide additional long-term support to small businesses in this province when in fact other alternatives are not clearly available.

It may be debated that it was in fact the CDIC that assisted North West Trust. There's no question that was the case, and I'm not denying that for a moment. But it's also the case, Mr. Chairman, that the CDIC option was to pay substantially lower amounts or to liquidate the company. It was through the determination of this government that we were in fact able to save that institution -- save a very viable provincial institution connected into the four western provinces and head-officed in Alberta -- and at the same time, maintain and ensure the depositors of that institution that their money was safe. Moreover, we ended up with some \$300 million worth of real estate. Well, I think that's not a bad deal. We have an institution, we have the funding, we maintained the Heritage Savings & Trust Company as well by merging it into the North West Trust institution, and we have the real estate assets on top of it.

With respect to the credit unions, Mr. Chairman, here again a very difficult situation driven essentially by reduced opportunities in the real estate sector. Losses in particular were declining real estate values which led members in the institution to walk away from some of the loans which were secured by real estate, leaving the credit union system as a whole no opportunity but to seize those assets. In fact, we saved the real estate investments of credit unions by taking from them for consideration some \$300 million worth of real estate assets as well. In return we provided some dollars. In return we also put in place a system of preferred share debenture swaps which allow the deficits to be assisted by income stream from the government, providing a restructured form of credit unions in this province.

At the same time, the consolidation started to take place, both in Edmonton and Calgary and throughout all provinces. Some of the losses were significant. In the case of here in Edmonton, the losses I reported before have accumulated to the area of \$93 million. I think there were 47 credit unions under administration, and of course the system itself is supporting and strongly behind the notion of saving the credit union system and the game plan which we provided. So that's taken a considerable amount of time, and no doubt it falls close on the heels of the problems we faced with CCB and Northland Bank as well. So it was a difficult period on that side, and I think clearly that with the co-operation of all parties, including the credit unions and those in North West Trust, we were able to save two significant institutions which will provide long-lasting benefits on the supply of funds side to all Albertans.

Success also, Mr. Chairman, was found in the two funding programs. The 9 percent farm stability program, which provided 20-year money to the farming system -- as my colleague the Minister of Agriculture has reported, that fund is now up and running. I think there's close to \$1.5 billion used. Some 13,000 farmers have taken advantage of the plan, and it is at a rate which is below any long-term borrowing cost now available probably in North America.

I note by way of footnote that the American interest rate ticked up a bit today as Citibank increased their interest rates -- likely to protect the American dollar which has been under some extreme pressure against the Japanese yen recently.

Similarly, the small business program, Mr. Chairman, also was a major success, moving from \$750 million first, committed to its new level of \$1.1 billion, assisting small businesses to generate jobs, to maintain inventories, to expand where necessary,

and to be an integral part of the economic growth of this province, on top of the normal kinds of traditional financing provided by my colleague the minister of economic development to a variety of other innovative programs as well.

Mr. Chairman, with respect to the Alberta stock savings plan, again a new innovative item which this province is trying out, again I noticed on the Order Paper significant interest in the statistics. I believe I'll be able to accommodate those members who requested that data during the discussion on the Motions for Returns. Except to say that it has been essentially successful, it hasn't grown as rapidly and as quickly as that in Quebec, but nonetheless it has been a significant asset to those small public corporations looking for a way to raise needed dollars. And so that may need some new adjustments in the future, but in fact the operation of that plan, with the reservations noted by many members who are here today, has on balance been a successful operation.

Again, Mr. Chairman, let me indicate that in our department, with this budget forecast before us, there will be obviously a significant amount of legislation brought before this Assembly. I think in the budget speech I outlined several new pieces of taxation legislation which will be required, and that will be brought forward when we can do the administrative adjustments. Obviously, that's going to take an awful lot of the time of this Assembly, to debate and to deal with those tax increases.

No doubt, Mr. Chairman, there will be concerns raised about the revenue side of the tax increases. That's fair comment. I would look forward to listening to the views of others as well, as to how we could come to grips with the deficit. And of course there will be some discussion about the tax revenue implications, no doubt. I should note that as a result of those tax revenue-side increases, there will have to be some increase in the general administration of my department, driven essentially by the need to have people in place to collect the taxes, to administer the tax system and, in fact, to set up a system to ensure that it's operating.

Mr. Chairman, I think that since we have taken a considerable amount of time in question period before the Orders of the Day, I will probably sit down right now to listen to the views and comments of my colleagues from all parties and all parts of the House. If at all possible, I will attempt to respond to the questions raised. In the case that not all questions can be dealt with in the time offered today, either I will provide written answers or, wherever possible, provide suitable explanations as to the intention of this budget, particularly if I, (a) cannot do it myself in the Legislative Assembly or, (b) if it requires some additional written confirmation.

So, Mr. Chairman, I have before the Assembly today the request for the estimates of the Treasury Department. As I've noted on previous occasions, this is a significant amount of money. Some \$400 million in this budget is called for for interest costs for '87-88, and I know that's enough to cause many Albertans to shudder at the thought of paying that kind of interest costs when historically our interest amounts have been below those amounts.

So, Mr. Chairman, I look forward to the comments and the questions, and I will attempt wherever possible to provide the explanations as the questions are drawn.

Thank you, Mr. Chairman.

MR. CHAIRMAN: The Member for Edmonton Kingsway.

MR. McEACHERN: Thank you, Mr. Chairman. I would like

to start by pointing out to the government that I'm very disappointed that we only had three days on the Treasury estimates as such. I believe the *Standing Orders* allow for up to 10 days, and we had Monday, Wednesday, and Friday afternoon of last week. As Treasury critic I was planning on getting in on Friday; I did not get a chance to get in. That's one of the reasons for designating Treasury today and taking one of our precious designation times, so that we could follow up some of the ideas that should have been brought forward in the overall budget debate.

Because the Treasurer is responsible for the overall budget, that of course allows us to talk about more than just the \$714 million in the Treasury Department estimates themselves.

There were just a few things in the estimates that I wanted to raise, so I'll do those first before I get into the gist of my comments on the overall budget. On page 373 of the estimates, the Credit Union Stabilization Corporation, there's allocated some \$52.9 million. I wonder if the Treasurer could reconcile that with a comment he made on *Crossfire* the other day about the \$33 million that was going to rescue the credit unions, and how that jibes with the \$355 million that he promised. I'm sure that there's some explanation. I just don't know quite where and how they fit. I do know that the Edmonton Savings & Credit loan needs the \$93 million that he mentioned, and I thought when he mentioned it just now he indicated that was sort of what was needed for Edmonton. That would only be the Edmonton Savings & Credit Union itself, accumulated deficit for 1985. So perhaps some comments on those numbers would be something that we could look forward to later.

On the next page, 375, there were no provisions for insurance for government agencies, and since there was the year before, I just wonder if we could get an explanation of what's happened there. Obviously, some other arrangements have been made, and I wasn't able to just figure out what those were all that easily, so I thought I would ask.

I wanted to just raise the government warrants. They are listed in the back of the budget; some \$289 million. If you add that to a \$10.4 billion budget, then I guess we've got a \$10.7 billion budget. Of course, I suppose by the same analogy, in 1986-87, if we added the \$800 million in government warrants to the \$10.8 billion, we'd have an \$11.6 billion budget.

In the public works section I noticed the other day in the planning and implementation of projects that a number of projects had had 100 percent reduction in their allocations, and I'm assuming here now that most of those services then had been turned over to private companies. If I'm not correct on that, by all means please do tell us. Some 25 projects had some increases in funding, but out of 279 total projects that were listed in that section, 110 had complete 100 percent reduction in funding and 89 others had either a small amount or right up to a 98 percent reduction. That's 200 out of 279 that experienced reductions, some of it total. Now that would indicate to me that the government is going sort of overboard on privatization very suddenly from last year's budget just into this year's budget, and so I wanted to raise some problems that we have with privatization as a technique for government's budgeting and saving dollars for the government, for the taxpayers. I'm not saying that privatization of some services like janitorial services or preliminary sketches for planning and implementing some construction projects could not ever take place, but I do have some reservations about such a holus-bolus approach, and I want to just outline some of those problems.

It's incumbent upon the government to show, I think, that privatization of these services would actually lead to saving dol-

lars -- because that's the purported reason for doing it -- and also that the service is being provided to a satisfactory level, another important thing that the government should have to show. In fact, the Minister of Social Services indicated that that was of course the key, and that takes some time to judge. And also that the savings aren't merely on the backs of the workers who previously had a reasonable rate of pay, some security, and some benefits package, and now find themselves on a lower wage, with no security, no benefits, and in fact watch an entrepreneur take a slice out of the taxpayers' dollars for the project as a finder's fee. Of course, we have to ask the question: how often is that organizer of these jobs somebody who's just a friend of the government and so able to cash in on the privatization kick? And so, Mr. Chairman, I have some really serious reservations about the whole privatization move.

To deal with the overall budget in a larger sort of way. The deficit is being reduced, supposedly this year by 40 percent, and it will be down to zero by 1991, according to the Treasurer's plan. Now, in last year's budget the Treasurer estimated a \$2.5 billion deficit initially. It turned out to be \$3.3 billion, and so you have to wonder at his ability to estimate the price of gasoline. Now, he did project that OPEC may be able to push the prices back up a little bit again because of certain stabilizing things that are happening in the oil world, but there is a funny paradox built into this, as well as some skepticism about the projections. Why would we go to a free-market price for oil and then sit and wait for OPEC, which is a cartel -- which is as far distinct from a free market as you can think of -- to rescue us? And why, if the main kingpin of OPEC is Saudi Arabia, which can produce oil at such cheap prices -- it is projected that in 10 years' time it might cost them 63 cents a barrel. So what faith can we have in the idea that OPEC will somehow be able to force the price back up again when there is that kind of over-production capacity and cheap production capacity available? That doesn't say that we shouldn't build a secure supply in Canada, and that's another question which I will get to later.

But I want to just say about the \$1.9 billion deficit that this government is planning that the reduction of the deficit in this year from last year, the \$3.3 billion down to \$1.9 billion projected this year, is too much change too quickly. It will hurt the economy. It will cause more unemployment. There is nothing in the budget that will stimulate the economy. If you take a billion dollars out of the pockets of Albertans, you will lower the demand for goods and services. Small businesses will be hurt, and that jeopardizes the new industries -- the very new industries -- that represent the government's attempts at diversification.

On the *Crossfire* show the other night and again in the House, the minister indicated that this government could borrow money at less than 6 percent and also that some of the heritage trust fund was earning as much as 15 to 18 percent. Now that part of it -- not very many parts of the heritage trust fund are earning 15 to 18 percent. And also while he was at it, he said there was \$15 billion in the heritage trust fund. I wish he would get those facts straight about the fund.

But the point is that we do have some \$11 billion or so in that fund and that we can borrow money at very cheap rates. And the 6 percent -- I choose to believe that the minister can probably borrow money at that rate. So what is the great incentive and why the great need to suddenly reduce that deficit? The economy of this province has just seen a loss from some \$5.5 billion in oil revenues in 1985 down to \$1.7 billion in 1986, and now we're throwing another burden on the economy by taking a

billion dollars out of taxpayers' pockets and depressing the economy even further.

I agree that as long as interest rates are falling we should not be using the heritage trust fund money directly to pay off the deficit. That would not make sense. We don't need to do that because of the low interest rates that are current right now. But down the road, as circumstances change, then the government has to keep all its options open.

Mr. Chairman, this government has brought in what I would call an ideological budget. Their only reaction to a deficit is that we must cut spending. They don't stop and think about how you might stimulate the economy and get things moving again in such a way as to share a greater prosperity for all of us. In all of Canada the only two provincial governments that are still on a cut-the-expenses sort of kick are Alberta and Saskatchewan. Just watch the federal budgets of next year. Watch the B.C. government of this year. Most of the provinces are learning that you have to have some demand-side economic philosophy and policies as well as the supply-side policies that this government has tended to go with.

I'm going to come back to the economy in some detail later, if I get enough time, but I want to for a moment just pick up on an ad. This budget is so mean and miserable that the government has had to embark on an incredible policy of advertising and trying to convince people that it's a wonderful budget, and so we get these great big page ads. This one was in the *Examiner*. I saw it in the *Edmonton Journal* and a number of other places. And of course they try to bend realities. In fact, the first quote I'm going to give mentions here something like "Facing Reality," and it says: "We cannot pretend, as some would like, that oil and gas revenues are pouring in." Who the heck is pretending oil and gas revenues are pouring in? We sit and wait for OPEC to raise the price so they will. I guess they're pretending that it might happen in the future.

Deficit reduction. This budget has a four-year plan to bring Alberta back to a balanced budget. So this is really an accountant's budget: balance the books at all costs. To heck with looking at the effects or what kind of policies and what that means to ordinary people or to poor people in our society.

Ensuring quality services. In fact, they bragged that this budget does wonderful things for things like education. Yeah, tell that to the students at the university. A 3 percent cut plus 4 percent inflation: that's really a great help to education. That's one way to put us on the leading edge of technology: cut education.

Health care. Tell me that we've got a great health care system when we're deinsuring as many projects: chiropractic services . . .

AN HON. MEMBER: Alec, you're right on there.

MR. McEACHERN: I'm on the right track. . . . and other essential services.

You know, they bragged that the Social Services budget has actually gone up. You would think that they intended to give one more cent to one more person. They do; single moms with kids: \$21 a month. Big deal. What about the single people that you're cutting? The only reason that this Social Services budget is going up is because more people are going to be on social services. Those on unemployment insurance are going to run out. Those with jobs are losing their jobs, and so we end up with more people on social assistance. So you have to put more money into the system. Great. The only growth industries in

this province are food banks and Social Services.

In fact, I find a rather odd discrepancy here, a number that I'd like to ask about. It says here that "expenditure will be downsized over time." I love that word "downsized." Talk about gobbledygook and garbage. "In 1987-88 expenditures will be reduced by 4.4 %, a saving of over \$1 billion." Now I happen to be a math teacher, and 4.4 percent of \$10 billion is not \$1 billion. So I should suggest that the government be a little more careful what kinds of things it's putting into the papers.

AN HON. MEMBER: That's kind of downsizing the truth.

MR. McEACHERN: That's what I'd call it. Now, there is one program, I think, that had some possibilities, and I'm not quite sure . . . [some applause] Yes, but as usual the government will probably mess it up in the operation. I know my colleague next door here will have a better idea of how to handle it, but just in case it isn't too late, I want to make a suggestion to the minister of career development and manpower, to get his title right. He's become very sensitive about that lately.

AN HON. MEMBER: No, it's Career Development and Employment. They've had to change it.

MR. McEACHERN: I know. But they're calling it a labour market strategy. Now of course they're going to give the money to the businessmen, but basically this \$144 million for the labour market strategy may have some possibilities. But if so, it has to be done in a certain context, or at least it seemed to me that it does.

If you are going to subsidize low wages, then you have to build in some kind of a sliding scale to it, and I'm thinking of something along this line: that if you were to take somebody that's getting a low wage of, say, \$3 an hour and subsidized that \$3 an hour, then he might be able to almost live on it; I don't really think anybody can live on \$6 an hour. Then if you take somebody else who's getting \$5 an hour and subsidize that, say, only \$2 an hour, and then somebody else who's getting \$7 an hour and you subsidize that only \$1 an hour, then there would be a sliding scale and an overall benefit to each person involved, each worker, to continue to try to improve the kind of job he had.

Now, the reason I mentioned this sliding scale, it's really the basics of a negative income tax scheme, which it seems to me is the only way to go in the long run. It's also sometimes called a guaranteed annual income scheme. But if you don't build some incentives for ordinary workers at the lower end of the income scale into the remuneration that they get for the work they do, then you are building in, like we have now, almost a 100 percent tax on initiative.

I'd just like to say at this stage that this government is great at talking about incentives when they're talking about businessmen and making profits, but they seldom think about incentives for ordinary people to go to work. In fact, the only incentive I've heard them talk about for single employable people is the kind that says, "If you don't get off your ass and go to work, we're going to cut your amount of money you're getting to the point where you will starve to death." That's what they're saying to single employables right now. So you need to build a sliding scale into that lower end of those dollars that are being given under this program. So I really commend to the minister that they take a good look at that.

Mr. Chairman, I've already said that this budget has no heart and that it's an accountant's budget. It does not address people's aspirations nor does it really make economic sense, and I want to deal with that side of it.

MR. DAY: A point of order, Mr. Chairman. If I could refer the Chair and the members to *Beauchesne*, section 320, in the listing of terms which are deemed to be unparliamentary. I believe the member used the word "ass," and it is listed as unparliamentary terminology; and also a suggestion of the — as I alluded to earlier today in terms of the question period — continued degeneracy of approach by members opposite. Would the member opposite please retract the unparliamentary language? Thank you.

MR. DEPUTY CHAIRMAN: Before the hon. member gets up, I'd like to suggest that the Chairman was well aware that he made the remark. But I think in the heat of debate it was justified, and suggest the hon. member continue.

MR. McEACHERN: Thank you. It was not directed at any individual, I would like to say.

I then want to elaborate on some of the economic problems that I referred to earlier in the energy industry. This government over the years has become almost totally reliant on gas and oil revenues. Now they did try to diversify to some extent through the heritage trust fund, but it's not surprising that they had difficulty doing so. For one thing, party ideology indicated that they could not direct funds into other sources. According to Tory ideology you give money to businessmen; you let them do with it what they want. And since oil and gas was the really big thing in town in making the most money in the late '70s and early '80s, obviously that's where people put their money. The private firms, of course, that came into the province, if they had money to invest, wanted to invest in the hottest thing in town, which was gas and oil. So it's partly just the result of the incredible resources we had here, and the high economic prices in the world markets. So it's not surprising that they had difficulty diversifying the economy.

However, the areas in which we did have some success were where the government decided to direct capital, and I'll get back to that point in a minute, but I would like to say that the government did not try very hard to direct capital to other directions. And I will cite for an example that the ALPEP plan put \$5 billion in the hands of oil companies in the late '70s and early '80s; \$5.4 billion was promised in 1982. New promises in 1985 and '86 have literally handed out billions more dollars to the oil companies, and you wonder why we can't diversify the economy. The funds to the gas and oil industry far dwarfed all other programs in other areas that were supposed to diversify the economy, so the government didn't add to diversification; it actually helped concentration on gas and oil. And of course, now they've left us in this very vulnerable position of sitting and waiting for OPEC to rescue us.

But the diversification ideas were not totally futile. For instance, mostly through the heritage trust fund, food processing did get started. Irrigation works have at least diversified into other types of agriculture. Tar sands is a sort of an offshoot of the oil industry but a different one than the conventional oil industry. The petrochemical industries had some potential. I don't think it's been really handled all that well. We tend to give away cheap feedstocks for plastics production that we can't really compete with eastern markets and products. Tourism is



another area that has had some encouragement; medical research, high-tech industries, and basically a growing service sector, a small business service sector, that has done reasonably well considering the incredible concentration on the oil industry in this province.

Now, these are new industries that are in their infancy. The devastating loss of oil revenues, from \$5.5 billion down to \$1.7 billion, has taken an incredible amount of money out of this economy already and left a lot of these new industries struggling to find contracts, to have customers. There is just not that much money available anymore. Instead of continuing to run a deficit for a few years to give these industries a chance to keep alive and to develop and prosper, this government has decided this year to take another billion dollars out of the economy and may very well kill the very seeds of diversification that it sowed. So I just commend that idea to the minister and to the government, to look at the direction you're going with this kind of a deficit budget that takes a billion dollars out of the pockets of Albertans.

It brings me to the problem with taking that money out. It means the people don't have the money to spend at the retailers and this service industry I just mentioned, the retailers don't have the money to buy from the wholesalers, the wholesalers don't have the money to buy from the manufacturers, and we end up shrinking the economy even further. The attitude that to cut the deficit we must cut expenditures is a Depression mentality. It says that we should do like we did back in '29 and '30, when the Depression starts then we should all draw in our horns and shrink ourselves into a Depression. And that seems to be where the government is going.

I would commend to the minister that they look at some of the suggestions I have made about the \$144 million for the labour market strategy, or the wage subsidy program, whichever you wish to call it. But that you also look at our jobs fund concept, which is modeled on the rather successful Manitoba suggestion.

Most of the government's economic policies have been supply side. I mentioned all the money to the oil industries. I can mention Vencap, SBECs, Alberta stock savings plan, the loans that were mentioned by the minister. Most of these things have been geared at the industries. Unless the industry has got somebody to sell their products to, there isn't really a lot of point. So what I say is that we need some kind of balance all right, and that's what this government likes to talk about: balance this and balance that. But there has not been a balance between demand-side and supply-side thinking on the part of this government. The government has been totally doing supply-side economic theory and the demand side has been totally ignored, and we're doing that again in this budget, in fact very severely, by taking another billion dollars out of the economy.

Mr. Chairman, the Tories at this stage have run out of ideas. They're tired; they're old; they're bankrupt. What they have decided to do is what Brian Mulroney has done. They looked around in desperation and said: "We need something to rescue us. What will it be?" And guess what? Free trade, the great panacea that's going to save everybody. If OPEC doesn't rescue us, free trade will, or maybe both. Well, I would like to submit that neither of them will. The government is expecting us to go into the free trade deal totally blind. Now, given the credibility, or the lack of credibility, of the Prime Minister of this country today, I do not see how anybody can suggest that we should follow him blindly into a free trade deal. Where are the studies? Where are the numbers? Those studies would

show that there is a two-edged sword to free trade and that we better take a very close look at it, that we cannot just follow blindly a Prime Minister that doesn't know where he's going.

The final irony in bringing the people and economy together comes in the cuts to education. Having depressed the economy, having put people out of work, having people on unemployment running out of unemployment and having to go on welfare -- which will lead to more wife beating, more child abuse, more suicides, more homicides, more crime: all those things follow when we have social disruption like we've got now and economic depression like we've got now -- the government brings in the final irony. They cut education costs, and education is the one thing that gives people a chance to rise up and above the poverty they live in and the economic disarray they are in. It's the one thing that gives people hope for the future, and you've cut that too. This is a terrible budget. It's an economic tragedy and it's a human tragedy.

MR. STEVENS: Mr. Chairman, I was listening very carefully to the comments by the Member for Edmonton Kingsway, and it's really very sad to hear the very negative closing remarks about gloom and doom and human tragedy. What I'd like to do with my comments is remind us what was in the budget presented on March 20 by the Treasurer, the conclusions of the budget, at the conclusion of that speech: "all Albertans can be proud of the programs provided in this budget." I could go on and on, and I will bring out some specific, important aspects of the budget, particularly those aspects that affect the constituents that I represent.

There are exciting opportunities ahead for Alberta. There are challenges that we are being asked to face, and I don't look at this budget at all as doom and gloom and tragedy. I look at this as a budget in difficult times, where the budget has been presented by the Treasurer with a number of programs that have not only had reductions, but those reductions have been specifically aimed at emphasizing — through proper program direction, through review with our managers, through changes in our approaches -- increases in specific areas.

Mr. Chairman, when we look at the budget very carefully, the Treasurer's budget proposes that we reduce our fiscal deficit very sharply this coming year and continue to work towards eliminating it over the next three years after that. I recall a meeting in Edmonton with some 400 or more representatives from all across this province who recognized, as so many thousands of Albertans do, the difficulty faced by Alberta today, as the revenues have sharply declined, plummeted, our revenues in our energy industry, our commodity prices to our agricultural industry. And they also saw the wisdom in planning for a change in our strategy over a three- or four-year period.

Now, the Treasurer in his remarks noted that there would be a three-pronged attack. The suspension of the transfer of resource revenue to the heritage fund: Mr. Chairman, that bothers me a great deal. I am very proud of this government and its establishment of the heritage fund, the first in the free world, and the way in which it's been managed. And it's very difficult to be a member of the government to say that for the first time we're going to have to cap that fund. That's a very difficult decision, because we know, as the fund is capped, that in fact its revenues will decrease in time as the high interest rates that we achieved as a province, from loans to other provinces and from other areas, decline. But remember that the heritage fund today is working for us. Indeed, in a communication to my constituents, I have asked them: what would they have done if they

did not have the \$3,000 per family last year? The income from that fund represented to all of us over \$750 per capita returned as revenue to this province to go for daily expenditures. So I'm very cautious about any other change in the fund. I support the capping of the fund.

Secondly, and what has not been picked up, Mr. Chairman, in many of the media outlets is that the second attack is on reducing the government's size and reducing the government's expenditures. One can leave the Provincial Treasurer's Budget Address and go to the budget documents, the government estimates, which are now before us department by department. But one need only read the lead pages, and perhaps my advice to the Treasurer would be that some of the content of these lead pages had been given more prominence in his address. But, for example, in just reviewing the reductions which we are now debating, they ranged from zero percent to 16 to 20 to 30 or more percent in various departments. It's not just capping the heritage fund. It's also that this government is the first government in North America to reduce its expenditures department by department, with some exceptions that are essential for Albertans. Over 16 percent reduction on average, with the exception of health care, education, and social services. So that's the second part of the three-pronged attack on our deficit.

The third, and the one that receives the greatest attention in the media of course and which raises concerns in the minds of many Albertans, is that we will be increasing taxes substantially at the outset -- I say again: at the outset -- of this deficit reduction plan. That isn't easy. All of us are sharing this. It's not just the persons who are paying income tax or corporate tax. It's everybody in this province through a variety of new taxes and new fees. We're all a part of this very difficult battle over the deficit to reduce our expenditures, maintain the position that when we have concluded this three- or four-year plan as announced by the Treasurer, we'll present to our constituents, to their children, a situation which has not happened in Ontario or in Ottawa, where there is a major problem with the deficit.

Consistent with the Treasurer's plan, he has recommended a major change in our expenditures: a decrease of over 6 percent, 6.3 percent, in program spending compared to last year. If we include the new debt requirement that we have, the \$400 million that we require to service our provincial debt, the combined government expenditure will still be a decrease of 4.4 percent.

Mr. Chairman, when I look very carefully at *Hansard* for March 31, 1987, and listen very carefully to the Provincial Treasurer, he did say that

the impact of taxation on any individual, any group of individuals, or on an economy in its macro sense is not something that can be defined perfectly.

In fact, he said, "The question of taxation is: who is it that bears the burden of taxation?" He noted that, "In most cases this can be borne by people from outside the province." He was referring specifically to the hotel tax, which was announced as part of the package of changes in our revenue picture.

He's also had some discussion with the industry, and he's asked for some details as to the impact of this tax upon them. He's noted that it would be very, very difficult and that he would be reluctant as Treasurer -- it would be difficult for the government to change the fiscal regime that we've now presented and that is now part of our discussions today.

I would like to bring to the attention of the House that in the Treasurer's budget there are some priorities and there are two guidelines. The first guideline is fairness -- fairness, Mr. Chairman. The second is that the expenditure reductions should have

the least possible adverse effect on Albertans. So in developing that strategy, the budget shows how employment and education and health and help for the disadvantaged and those in need is maintained and in fact increased in some areas. In fact, as we go through the budget document and we look at the details that are contained in the appendix, we can see how carefully thought out this plan is. Yes, there are personal income taxes that we're all required to face if we pay provincial or federal taxes, and these are to be changed. Yet with the change Albertans will still enjoy the lowest provincial base tax rate. The other two taxes that have been announced on incomes are indicated as being temporary, and part of that obviously depends on how quickly our world oil and gas markets recover, how quickly our industry is able to take up the opportunities that are now available through the provincial programs and the recently announced federal program.

It's interesting to note, Mr. Chairman, that the selective tax reduction program has indeed been enriched. Nearly half a million Albertans will be otherwise paying no taxes or a reduced provincial tax. That's a very significant figure. That's one-fifth of the people in Alberta.

There is a fuel tax, Mr. Chairman, yet that's a tax that I think most Albertans that I've spoken to appreciate the need for. They may resent it; we all grumble. We can make adjustments in our driving habits, it's true. Some of us can't, and there will be some parts of our economy that will say that that is a direct tax on them and that they can't make adjustments for it. But it is interesting to note that propane, methanol, ethanol, and natural gas are not subject to the tax, and that has not been widely reported.

The tobacco tax is a problem for those persons who smoke. It may also be one of the factors that will help people who smoke make another decision. Of course, Mr. Chairman, to the Treasurer, that would be therefore a good thing for health, a reduction, though, in the estimates, but something that I would hope that more and more Albertans, particularly young Albertans and especially young women, who sadly are in greater and greater proportion using tobacco ... So I think the tax on tobacco is an avoidable tax. It is a tax in which people can make choices.

I also have no objection, Mr. Chairman -- and I come from an area which is a high tourism area -- to the direction to the Alberta Liquor Control Board to increase its markups, which began today. But of course there was some notice. There was some notice between March 20 and March 31, and many Albertans, I'm sure, decided to go to the liquor stores and make some purchases if they had sufficient ability to do so. Obviously, there are others who do not. But again, there are choices. One need not go to the ALCB. One can go to a store and buy a beverage that has no alcohol content.

For other fees and charges, such as health care insurance premiums, I think the government has introduced to Albertans a user-pay concept in many areas. Certainly, with regard to health care insurance premiums, we should remember that even with the new premiums, most of the premiums for other than those who are self-employed are paid for in part or in whole by various employers. Now, I personally think, Mr. Chairman, that's a mistake on the part of the employers. It's something that should never have been negotiated. But little by little, one school board caved in here and one municipality there, and finally we have everybody in some communities having their health care premiums, the new ones, now being paid by those employers. And that certainly takes away from the employees and their

families any recognition of the fact that there are health care costs, when it's being paid for by other persons. And we should remember that these premiums will cover only 40 percent of the cost of basic health.

[Mr. Gogo in the Chair]

Mr. Chairman, when I go back to the comments of the two guidelines in the budget about how the budget would be applied and remind us that it is to be applied to Albertans carefully and selectively, and how we have made certain adjustments -- and I remind us about the matter of fairness -- I can't help but bring to the Treasurer's attention some concerns that I have received as the Member for Banff-Cochrane, and I appreciate that the Treasurer is aware of these concerns. I do have, on behalf of my constituents, very grave concerns about the 5 percent hotel room tax announced to be implemented on June 1, 1987, some 70 days after the budget was tabled.

Tourism is one of the major economic activities of the constituency I represent, and I think that this new tax at this time is a major blow for some Albertans. My constituency office, my Legislature office, and my home are now flooded with calls and with correspondence not just from hotel and motel operators but, more particularly, from the tour operators. The letters I'm receiving are now coming not just from Alberta locations but from international locations as well.

I won't take the time of the Assembly, Mr. Chairman, to make long quotations, but I would like to paraphrase the concerns that have been given to me as the representative of the writers. I won't mention individual names, but I think I would like to share with members a picture of our tourism industry which I know is well understood by our Minister of Tourism. A tour company from Connecticut, United States, notes that over 14,000 persons -- this one company -- come to Alberta on prepackaged tours with expenditures in excess of \$8 million. An inn owner in a very beautiful part of the constituency in Lake Louise has presently booked \$1.5 million of rooms -- business -- for the summer alone, all based on preconfirmed and prepaid quotations. Another lodge in Banff notes to me that as a small private operator he cannot pass on a \$120,000 tax applicable from June to October because his brochures have been circulated by the tour package operators. Others have told similar stories, and I would like to quote in one particular case the point they've all made to me: "I am not of the opinion that the tax should be rescinded but only that it should be postponed." The writer goes on to say: "I am not so blind as to see that we're one of the last provinces to initiate this tax."

Another management consultant in the tourism industry commends the government and brings out this fact, and I think this is what the Treasurer has said in the budget, that it is not to be borne by Albertans unfairly. The consultant in the tourism industry says that the government is to be commended for a move which in concept is tapping as a source of revenue visitors to our province, visitors who will continue to visit our province. And the province does stand to gain considerable funds from persons other than Albertans, and that's important as we go through this process of getting our deficit under control. So this is a very major tourism industry consultant, and he commends the government. But he does say that by introducing it as of June 1, it places at serious risk for 1987 and possibly 1988 the very tourism industry that in fact our government has identified as a third leg of our economic stool: energy, agriculture, and tourism.

Finally, in commenting and reviewing these, Mr. Chairman, I would share a remark from a club that operates throughout this province and sells its tours to Edmontonians or to persons from Fort McMurray or wherever, a club which sells its tours to the three major ski operators in the national park and now is encouraging users to visit the ski areas outside of the national park, not only at Fortress but at Nakiska. Our primary market this winter will see the selling of packages to 10,000 people, which converts to 20,000 hotel room nights and to an infusion to a variety of Alberta businesses of nearly \$2 million.

Mr. Chairman, I was very surprised to learn from these submissions -- it's something I thought I should have known perhaps as the Member for Banff-Cochrane, and I find fault with myself in not knowing this -- that with the exception of airline fares and whether or not those airline fares change, some other countries, notably Japan and some members of the European Common Market, prohibit the imposition of a tax unless it is referred to in the tour package arrangements. I now have the correspondence that identifies these laws. This means that a tax of this nature cannot be passed on. It would have to be borne by the tour operator -- that is an Alberta company more than likely, operating on a 3 percent margin in many cases -- or it would have to be borne by the hotel, the hotel owner or owners. That has to be done until the new brochures are printed and distributed and the tax so identified. There are specific countries that have this legislation so that one country can't have an advantage over another besides its beauty, besides its Rockies, besides the environment, besides the facilities that we have here in our area that bring so many tourists to our area.

So, Mr. Chairman, I would wish the Assembly to know that I believe the constituents I represent are looking very carefully at this budget. They have called me, they are studying the support we are continuing to provide for agriculture, the support we continue to provide to so many areas of activities, all of our senior citizen programs, and they have expressed their concerns and their suggestions and observations. Basically, the majority of them tell me they understand the reasons for this budget; they are very confident that our government and its programs and initiatives will be able to encourage the private sector to be revitalized in this area. But they have brought this major concern to my attention: basically, it comes down to whether or not the tax as of June 1 is a fair tax. Is it seen or will it be in effect a tax on individual Albertans rather than, as proposed, a tax on our visitors, or visitors to our areas, and the tax therefore paid by others? Is the tax fair? I say yes, it is. I might surprise my constituents when I say that. The tax is a fair tax. The only question to me, Mr. Chairman, and in my constituents' minds is whether or not the date itself is fair.

I conclude my remarks by referring to an editorial in the *Banff Crag & Canyon*, and I do so, Mr. Chairman, by noting this. As I said in the House some days ago -- I'm very proud, by the way, to be wearing a Banff-Cochrane lapel pin today, and if any member would like one, please contact me later. This pin shows the Rocky Mountains, it shows the ranchlands and the Bow River, it shows the sunshine, and these are the things that bring people to our province. Three out of four visitors expressing an interest in coming to our province select Calgary and the Bow corridor as their first choice of visitation, and that's very important. Important to our constituency? Yes. But important to all Albertans. And as these taxes are applied, as these revenues are realized by our government, there will be opportunities throughout our province as a result. In quoting from the *Crag & Canyon*, I would say this: it couldn't have come at a worse

time, and if it was really necessary in its implementation, it should have been September and not June. It won't be the hotels that get hurt, but it will be the tour operators on whom the hotels here rely so heavily for business.

Mr. Chairman, I support the budget. I'm hopeful that my comments and my constituents' comments will be listened to carefully by the Minister of Tourism and by the Provincial Treasurer and some consideration may be given to at least that aspect of the budget presentation as the debate continues.

MR. CHAIRMAN: Hon. Member for Edmonton Meadowlark.

MR. MITCHELL: Thank you, Mr. Chairman. Thank you for that round of applause from the Treasurer. I, too, was going to start on a positive note and compliment the Treasurer on surely being the most powerful minister in his cabinet.

This is a finely crafted budget, a budget that demonstrates that only the interest of the Treasurer could have been represented by it, because when one judges the focus of this budget, it is clear that it is an accountant's budget, that it has nothing in it for the future and nothing in it for people. I don't like to give all the credit to the minister for that, although he certainly does deserve credit for being impressive and persuasive in his cabinet. Having worked in his department a number of years ago -- not having had the pleasure of working under his particular purview -- I am more than impressed by the members of his department and his staff. They are truly some of the top public servants in this government and possibly in this country. [interjections]

I'm looking for brown envelopes tomorrow on the definition of that \$275 million from the federal government or from the insurance corporation of Canada.

It is, to be sure, a responsible budget to a point. It is responsible that this government begin to restrain. Clearly we have an overwhelming fiscal problem in this government: a \$3.3 billion to \$3.5 billion deficit this year coupled with a \$700 million to \$720 million operating deficit last year, a projection of ever-increasing deficits. If the excessive expenditure that this government had indulged itself in over the last 15 years was to continue, it was necessary to move, to restrain; it was necessary to move to begin to reduce that deficit.

However, Mr. Chairman, we must put this initiative in perspective. Who is it that is responsible for the level of deficit? How is it that this government was able, over 15 years, to dig the hole that is this government's current fiscal problem? It occurred because of excessive frivolous expenditure on the part of this government that could only be construed as expenditure designed to get votes, not as expenditure in response to demands and needs in our society and in our community: \$65 million to pave these Legislature grounds; \$75 million for an anniversary party, compared to one of our sister provinces that spent \$3 million; excessive travel expenditure by this government year after year; excessive expenditure on projects such as the Kananaskis golf course. This was not expenditure that reflected strong fiscal management, responsible government, strong-business-management government which we heard so much about in the '70s and the '80s.

Today, Mr. Chairman, we have been brought to a point where Albertans are facing serious fundamental cuts to important if not overwhelmingly important services, essential services. This has been brought on, on the other hand, not by essential spending but rather by frivolous spending over the last 15 years. This is a one-track budget. Certainly the government has

a responsibility to restrain. Certainly the government has a responsibility to balance the budget. But the people of Alberta do not hire their governments solely to do those things. Government has a responsibility to create jobs if jobs have to be created and when they have to be created, when there is a pressure for that like there is now. There is nothing in this budget that represents a renewed or increased commitment to job creation at a time when the demand for job creation has increased significantly and substantively. There is nothing in this budget to diversify an economy that desperately needs to be diversified.

MR. CHAIRMAN: Order in the committee please. The member has the right to be heard. Member for Edmonton Meadowlark.

MR. MITCHELL: Thank you, Mr. Chairman.

Government has a responsibility to diversify an economy that required diversification. There is nothing in this budget that approaches an emphasis on diversification. I should point out that in fact all those departments that represent diversification, that represent an investment in the future, have been cut significantly. The department of economic development has suffered a 15 percent, \$7 million cut to its programs that can only be interpreted as contributing to diversification. The Department of Technology, Research and Telecommunications has similarly experienced a 6 percent cut. The Department of Tourism, which is a third feature of this government's purported diversification policy, has also been cut, and I sympathize with the comments of the Member for Banff-Cochrane who spoke so eloquently of the impact of these particular cuts and of the hotel tax on the tourism industry in this province.

It's a one-track budget, Mr. Chairman. It's an accountant's budget. It's a budget without feeling for people, without a commitment to people, to job creation, to important essential human services at a time when they're needed. And more or equally important and significant, it is a budget that has got no investment in the future.

MR. CHAIRMAN: Hon. member, I hesitate to interrupt. We're not on Motion 6, which was the budget debate. We're addressing the estimates of a minister of the Crown who's proposing, under Treasury estimates, four distinct votes. Now, could the hon. member restrict his comments to the votes before the House?

MR. McEACHERN: [Inaudible] if you read the . . .

MR. CHAIRMAN: Edmonton Kingsway, are you on a point of order?

MR. McEACHERN: Yes.

MR. CHAIRMAN: What is your point of order?

MR. McEACHERN: If you read the preamble to the Treasury estimates, it clearly indicates there that the Treasurer's responsibilities are very, very wide and varied and cover everything from planning the budget -- it really doesn't restrict anything. Please, if you look at the first page of the introduction.

MR. CHAIRMAN: The authority for the votes upon which the Committee of Supply is voting is to be found on page 366. That's the authority that the minister has to implement the votes

before the committee. Hon. Member for Edmonton Meadowlark.

MR. MITCHELL: Mr. Chairman, if I'm not mistaken, the opening comments of the Treasurer, which utilized a great deal of the time, the limited time that we have to discuss this budget, in fact addressed broader philosophical issues. I feel it is important that I be able to do that, if I could even only do it for another 7 minutes. I notice that the Treasurer himself is nodding his concurrence with the -- I would greatly appreciate a little bit of leeway in the . . .

MR. CHAIRMAN: The Chair is not in the hands of the Treasurer. The Chair would feel more comfortable then if the hon. Member for Edmonton Meadowlark would periodically refer to the votes before the Assembly.

MR. MITCHELL: Yes, Mr. Chairman; thank you very much. I am now referring to that part of the estimates, the vote that covers the minister's salary, for which he is paid for his responsibility in implementing a budget that has some philosophical consistency with the needs of this province. This government . . . [interjections] That was a close call. If you saw my notes.

This government made a great deal of its business acumen, its management acumen, in the '70s and the '80s. Mr. Chairman, any government that could lay claim to that with any kind of honesty and integrity would surely have had to be referring to its acumen in proper fiscal management and in proper fiscal policy. Fiscal policy dictates that governments should be making countercyclical investment decisions in their economy. The fact of the matter is that in the 1970s and the 1980s, Albertans experienced policy that saw them being levied 77 percent of the national level of taxation per capita on the one hand and 157 percent of the national level of expenditure on the other hand.

Clearly, when the times were good, this government scurried to get involved in the business of governing. Now that we find the economy is stagnant, there is massive unemployment, there are 145,000 people on welfare -- the first food banks set up in the country were set up in the city of Edmonton. At a time when government should be reducing taxes and increasing expenditure to stimulate an economy, exactly the reverse has occurred. The government is reducing expenditure and increasing taxes, thereby running the extreme risk of creating more serious problems than the ones they are already attempting to solve.

Mr. Chairman, we saw excessive expenditure on the part of this government during the 1970s and for the greater part of the 1980s, and now we see equally excessive, obsessive behaviour in trying to balance the budget and reduce costs. The excessive expenditure in the '70s and '80s was highly detrimental to the benefit of this province and the people in it. The excessive rush to balance the budget in such a short period of time will be equally detrimental if not more detrimental, and perhaps far more callous, given the needs of people in this province at this time.

Why, Mr. Chairman, does it have to be four years? It does not have to be four years. Certainly it has to be balanced and certainly we have to restrain. Eight years, six years, would allow greater leeway, would free up money for job creation, would free up money for human services so that people who require proper housing allowances could receive proper housing allowances, so that people who require a decent amount of money to eat properly could receive that amount of money at a time when this is absolutely necessary in this province.

I am particularly concerned about the manner in which this effort to restrain and to balance the budget has been undertaken for another reason, Mr. Chairman. If we had confidence that this government had truly taken responsibility for managing itself better, had truly taken responsibility for accountability that will lead to better management, then I think we might see a government that was operating for higher reasons and in a more appropriate way. Instead we see a government that consistently avoids the process of accountability time and time again.

I saw it this morning in Public Accounts. First of all, the Public Accounts Committee doesn't meet between sessions. The Legislative Offices Committee meets between sessions to review the efforts of, for example, the Ombudsman. It doesn't seem to be an urgent matter. But on the other hand, something as urgent as reviewing the expenditure of government departments, holding departments accountable to improve their management processes, doesn't occur between sessions of this Legislature.

One of the arguments utilized by back-bench government members on this committee to defend that was that in fact over a two-year period we will be able to review every single department. Well, some of my colleagues in the ND Party offered: why would we then be reviewing four departments for the second time in eight months? When we moved to change that, the government members of that committee denied that change.

MR. CHAIRMAN: Hon. member, the Chair is very reluctant to interrupt because the Chair recognizes the premium on time, but surely this is not the place to discuss the functions of another committee of this House. We're in the Committee of Supply to discuss the estimates. Now, would the hon. member come back to the estimates before this Assembly? Member for Edmonton Meadowlark.

MR. MITCHELL: Yes, Mr. Chairman, I will do that. Thank you very much.

Certain features of this budget, specifics of this budget, have to be addressed by the Treasurer, and I would appreciate his comments on the following. He has said that he is capping the heritage trust fund. Not so, Mr. Chairman. He has made no provision for inflation. Inflation alone would account for a \$500 million reduction in the real value of the assets of that fund if you assume a 3 percent inflation. He has allowed for capital expenditure out of that fund. Capital expenditures are one-time expenditures; they are gone. And if we listen to the Auditor General, who time and time again, report after report, has said "exclude deemed assets," we are only compounding that problem with the proposed capital expenditure out of this fund, and we are doing it in a cynical fashion. This government is doing it in a cynical fashion because they hold to the positive political myth that they are capping this fund when Albertans want that fund capped. In fact, this fund will not be capped and its real value will be reduced this year in the order of \$650 million.

The minister has assumed that unemployment will remain or average at 11 percent. It defies the imagination to understand how that could possibly be. Unemployment is currently at 10.9 percent, and everything in this budget suggests that it will stifle the economy, it will reduce the level of employment, and it will increase unemployment.

AN HON. MEMBER: Is this a budget speech debate?

MR. MITCHELL: It's important that you hear it, whenever. And it will increase unemployment in any event.

Farm fuel credit. It's been mentioned many times here, a cynical way of presenting that particular feature of the budget. Farmers will pay 5 cents per litre more than they had been paying.

Finally, indicative of this government's lack of personal commitment, true commitment to cost cutting, to cutting services to itself, is the minimal 17 percent cut in travel. B.C. spends \$29 million a year; we've been spending \$65 million a year. They would have to cut travel 60 percent to come in line with B.C., and that is not too much to ask.

Finally, Mr. Chairman, I would like to just mention briefly financial institutions. One vote mentions that the allocation to financial institutions has gone up minimally, and that's the allocation to regulate institutions. Clearly, we have to go beyond the regulation of institutions. We have to go beyond the fact that we're telling institutions only what they cannot do. This government has bailed out institutions in this province to the tune of \$1 billion. In spite of that commitment of money there has been absolutely no positive legislation creating a new environment for financial institutions to begin to develop. It's not as though that is a secret; it's not as though we have to be geniuses to figure out how to do that. There is precedent in Ontario. Ontario is allowing trust companies to do consumer loans; they're allowing trust companies to do corporate loans; they're allowing trust companies to buy brokerage firms; they're allowing that to be done by banks in consort with the federal government. That is not happening to any legitimate extent in this province.

Thank you, Mr. Chairman.

MR. CHAIRMAN: The Chair recognizes the hon. Member for Calgary Fish Creek, followed by -- if there is time -- the hon. Member for Calgary Mountain View.

MR. PAYNE: Thank you, Mr. Chairman. Opposition criticism of the Provincial Treasurer's budget for '87-88 frequently refers in a negative way to the ideology behind the budget's preparation and objectives and behind the estimates that we're reviewing in committee today. Could I say explicitly today how much I support that ideology. After all, ideology is nothing more than the basis of principles associated with a system or theory, and I applaud the principles inherent in this budget, particularly the recognition of the insidious and weakening effect that an ignored and escalating deficit can have, not only on the economic well-being of society but perhaps even on its moral well-being.

Now, I know that most of my constituents support the Provincial Treasurer's deficit-reducing initiatives. They recognize that there is very little political courage in ignoring the deficit and wishfully thinking that it might someday magically go away. They also recognize the fallacy and the fundamental error in so-called stimulative deficits as advocated earlier this afternoon by the Member for Edmonton Meadowlark. It's fair to say also that my constituents hope that our efforts to reduce the deficit will be focused on the fat in our system. And any organization, private sector or public sector, with a budget of \$10 billion and in excess of 30,000 employees will have developed budgetary attitudes and mechanisms that ensure the continuation of programs and expenditures that would have a tough time under the bright light of critical examination. The Provincial Treasurer, I submit, Mr. Chairman, has undoubtedly brought to bear such an examination in his quest for a balanced budget by 1991. But I'd like to suggest that there's considerable merit in

obtaining third-party analysis of government spending.

My constituents would also hope, Mr. Chairman, that the people-sensitive areas of health and education and welfare would be treated with great sensitivity. I recognize that the 3 percent reduction proposed by the Provincial Treasurer for those areas is comparatively modest compared to the cuts proposed for other departments, some reaching 30 and 40 percent. I would hope that that pattern of sensitivity will continue in future budgets. In fact, I'd like to go on record as indicating today that I advocate that further reductions in the areas of health and education and welfare be considered in future budget cycles only as a last resort to expenditure reduction.

If I could, Mr. Chairman, I would like to refer to some questions and answers exchanged in the question period today, those that related to the question of the unexpended and apparently uncommitted \$110 million in lottery proceeds. The Minister of Career Development and Employment today referred to fairs and exhibitions and the Wild Rose Foundation in his support of the handling, or lack thereof, of this \$110 million and quite properly referred to an uneasiness about building in a dependency on such an unpredictable source of revenue. While I agree with the minister's comments today in question period, I do have to point out to the Provincial Treasurer and to the minister of career development that something like one-third of our revenues come from oil and gas and that's equally unpredictable, I regret.

It's difficult for my constituents, however, to understand why we as a government would keep \$110 million in a low-interest desk drawer rather than make an assessment of where it could do some good, make some decisions, and get on with it.

Now, the Member for Edmonton Meadowlark today grudgingly admitted that the budget is "responsible to a point," implying that it's not responsible enough or implying that it's partly irresponsible. I disagree with that conclusion. I feel that this is a budget that is utterly responsible and one, frankly, that I'm proud to be identified with.

If I could make one last reference to the remarks made by the Member for Edmonton Meadowlark, he used the phrase "no investment in the future" in characterizing today's estimates. That is perhaps the most infuriating remark he's made in my presence since the opening of this sitting. This budget is an investment in the future, and I would hope, Mr. Chairman, that you don't regard it inappropriate to quote one sentence from the Budget Address, because it is inherently and implicitly linked to the estimates we're reviewing, in which the Provincial Treasurer said:

This budget demonstrates the government's ability to manage in difficult times, to set a course which will lead Alberta through this period, and to set priorities and initiate responsible actions that will [and I underline] position our province for the opportunities that lie ahead.

This budget so positions us with that objective, and I want him to know that the constituents of Fish Creek and this member support these estimates.

MR. CHAIRMAN: The Chair recognizes the hon. Member for Calgary Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. My remarks are directed to the Provincial Treasurer, who is responsible for the collection, management, control, and reporting of revenue and expenditure, including borrowing investments, cash management, financial and budgetary procedures. On that basis

the Provincial Treasurer each session introduces his budget statement and with it the estimates for each government department.

Well, listening to the Provincial Treasurer this afternoon, Mr. Chairman, I got a feeling of déjà vu once again. And I ask: where have I heard this speech before? Everything is okay here in Alberta. We've still got the biggest, the best, the most expensive, the highest, et cetera; except taxes are the lowest, et cetera, et cetera, ad nauseum. Well, you know, the Provincial Treasurer made reference to his Budget Address tabled just a few weeks ago, but I wonder whatever happened to the conclusions of the June 1986 Budget Address which that gentleman made in this very Assembly. He predicted at that time that the deficit at the end of this fiscal year would stand at \$2.3 billion. That prediction he made in June of last year. You know, all last summer the Leader of the Opposition kept asking the Provincial Treasurer, in view of what was going on with the oil prices and the revenues of the province, what action the Provincial Treasurer would be taking. Oh, not to worry; in Alberta everything is fine; there's no problem whatsoever. Time after time the answer came back: we don't believe in doom and gloom emanating from the side of the opposition.

But you know, I find it very interesting now. In this latest Budget Address the Provincial Treasurer has finally admitted that all along the Leader of the Opposition, going back all the way to last June, was actually correct. There was a problem in Alberta, and the rhetoric of: let's have faith in Alberta; no more doom and gloom; we believe in the future and opportunity; everything's going just as we planned -- all along the Leader of the Opposition was correct in his assessment. So I want to know: when did the government finally figure out that what the Leader of the Opposition was saying all along was actually correct? When did he finally figure out there was a problem? Was he unaware of what was going on in this province last summer? Was he unaware of the direction that his budget last year was taking? And when asked by the Leader of the Opposition to act, to exercise some leadership, to maintain revenues from resource revenues, why did the Provincial Treasurer continue to say, "There's no problem"? When was it that they finally figured out what was going wrong?

Earlier this afternoon the Member for Banff-Cochrane said that the present Budget Address and the financial plan were well thought out. I'd like to know: when did the thinking begin? Did it start last June? Did it start last August? Did the Provincial Treasurer finally wake up in December 1986 one morning and say, "Hmm, gee, we have a problem; we're going to have to start cutting expenditures, we're going to have to raise taxes"? Was the Provincial Treasurer deafened by all the happy rhetoric emanating from his side of the House last year? When did reality, not doom and gloom, finally sink in?

The Premier accused the Leader of the Opposition yesterday -- when he advocated postponing the hotel tax, he dismissed it as simply being more doom and gloom emanating from the opposition side of the Legislature. Was it doom and gloom when

the same comments were made this afternoon by the hon. Member for Banff-Cochrane, or is reality finally starting to sink in on the other side? Last June there was lots of bragging going on by the Provincial Treasurer: oh, this was the biggest job-creation initiative ever undertaken by an Alberta government. In fact, it was just recently that the Hon. Rick Orman, the Minister of Career Development and Employment, in *Hansard* of March 6 continued this happy suggestion of what was going on in Alberta by saying that

the job creation program that the Premier talked about just a minute ago created 60,000 full-time jobs in this province in 1986.

Well, I'd like to draw members' attention to the fact that the adjusted statistics for the employed in this province in June 1986 stood at 1,145,000 people. In February 1987 the adjusted employed figure in this province stood at 1,133,000 -- a drop of 12,000 employed in that figure. If you look at the unadjusted rate, Mr. Chairman, in June 1986 the figure dropped from 1,163,000 to 1,108,000, an actual drop in the unadjusted statistics of 55,000 jobs in that period. Where did all that money go? The billions of dollars they bragged about, not only last summer, but as recently as March 6: where did all that money go? Because as we've noted, the figures in the unadjusted rate have actually dropped by 55,000 jobs in that particular period.

Mr. Chairman, in view of the hour, I beg leave to adjourn debate on these particular estimates.

MR. YOUNG: Mr. Chairman, I move that the committee rise, report, and beg leave to sit again.

[Motion carried]

[Mr. Speaker in the Chair]

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

MR. SPEAKER: Having heard the report and the request for leave to sit again, do you all agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? So ordered.

MR. YOUNG: Mr. Speaker, by way of tomorrow's business, in the evening at 8 o'clock it is the intention to call Committee of Supply to deal with estimates of the Department of Culture, and on Friday morning to call estimates of the Department of the Environment.

[At 5:29 p.m. the House adjourned to Thursday at 2:30 p.m.]

