

**LEGISLATIVE ASSEMBLY OF ALBERTA**

Title: **Friday, May 15, 1987 10:00 a.m.**

Date: 87/05/15

[The House met at 10 a.m.]

[Mr. Speaker in the Chair]

**PRAYERS**

MR. SPEAKER: Let us pray.

O Lord, grant us a daily awareness of the precious gift of life which You have given us.

As Members of this Legislative Assembly we dedicate our lives anew to the service of our province and our country.

Amen.

head: **INTRODUCTION OF VISITORS**

MR. STEVENS: Mr. Speaker, I'm very pleased to be able to introduce to you and through you to the members of the Assembly, someone who is not really a stranger to you or to any members of the Assembly. Indeed, Mr. Speaker, I understand that recently you performed a very special ceremony involving the marriage of this particular gentleman and his wife. In your gallery today is the provincial Ombudsman, Mr. Brian Sawyer. I would ask that he stand for a moment.

Mr. Speaker, in the 20th annual report to the Legislature tabled recently, the Ombudsman advised of his resigning his appointment effective today and that he would be leaving for a new challenge after some, I believe it is, 36 years of effective public service. In his last report to this Assembly the Ombudsman said, "I believe one should not underestimate the effectiveness of quiet diplomacy in an atmosphere of mutual respect."

Mr. Speaker and members of the Assembly, would we all say a fond farewell and thank you to Mr. Brian Sawyer.

head: **PRESENTING REPORTS BY  
STANDING AND SPECIAL COMMITTEES**

MR. STEVENS: Mr. Speaker, I wish to make a report from the Standing Committee on Legislative Offices. Mr. Brian Sawyer, the Ombudsman, has tendered his resignation effective May 15, 1987. The committee has approved a delegation of powers by the Ombudsman to the executive director of the office of the Ombudsman, Mr. Marcel Arcand, pursuant to section 26 of the Ombudsman Act. This delegation covers all powers of the Ombudsman, with the exception of the power to make reports and the power to delegate further.

Mr. Arcand will serve as acting Ombudsman until such time as a new Ombudsman is appointed under the provisions of the Ombudsman Act.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. SPEAKER: Member for Olds-Didsbury.

MR. BRASSARD: Yes, Mr. Speaker. It gives me a great deal of pleasure today to introduce to you and through you to the

members of this Assembly, 38 grade 6 students from the W. G. Murdoch school in the town of Crossfield. These students are accompanied by two teachers, Mr. C. Barrett and Mr. P. Klimowicz, and two parents, Mrs. V. Longeway and Mrs. Clayholt. I would ask that these students and their guests stand and receive the very warm welcome of this Assembly.

MR. GIBEAULT: Mr. Speaker, I'm very pleased this morning to introduce to you and to the members of the Assembly, 40 students in the grade 6 classes at Sakaw elementary school in the constituency of Edmonton Mill Woods. They're here this morning with their teachers Mrs. Donna Hamilton and Mr. Paul Amann. They're in the public gallery. I would ask them to rise at this moment and receive the warm welcome of the members.

MR. SPEAKER: Stony Plain.

MR. HERON: Thank you, Mr. Speaker. It's my pleasure to introduce to you and through you to the members of this Assembly, 25 students from the Brookwood elementary school in the city of Spruce Grove. They're accompanied by their teacher Mrs. Darlene Arnold and Mrs. Newfeld, Tricia Arnold, and Mr. Hugh Richards. They are seated in the members' gallery, and I ask that they rise and receive the traditional warm welcome of this Assembly.

DR. BUCK: Mr. Speaker, I take great pleasure this morning in introducing 32 grades 5 and 6 students from Uncas school in the county of Strathcona in the constituency of Clover Bar. They're accompanied by their teacher Mr. Peter Learn and parents Mrs. Vonnie Ebberts, Mrs. Grace Candlish, and Miss Tracy Candlish. They are seated in the public gallery, and I would like them to stand and receive the recognition of the Assembly.

head: **ORAL QUESTION PERIOD**

**Insurance Rates**

MR. MARTIN: Yes, Mr. Speaker. I'd like to direct the first question to the Minister of Consumer and Corporate Affairs. Young Albertans pay car insurance rates which are four, five, and six times higher than young people in the three other western provinces. For example, I have a 1987 survey which shows an 18-year-old male pays \$2,415 for standard insurance coverage in Calgary compared with \$455 in Winnipeg, \$523 in Vancouver, and \$457 in Regina.

My question to the minister: does she not agree that a person's insurance rates should be based on their driving record, not on their age and their sex?

MISS McCOY: Well, Mr. Speaker, I agree with the principle of rating for insurance premiums that is based on the risk factor of the particular class, and in Alberta that is what the insurance companies do. They have the classes worked out according to the age and region, and in some cases they add the marital status and gender of a class. We have, when you look at the statistics across Canada, one of the lower premium rates for all classes, save in, except, one section.

But I did notice that the statistics or the comparisons that the hon. leader quoted all refer to government-owned insurance schemes: B.C., Saskatchewan, and Manitoba. For a variety of reasons those are not comparable, and I might point out, for example, that the Manitoba insurance corporation recently was

asked some embarrassing questions as to excessive losses that were not announced during the election.

MR. MARTIN: A supplementary question to this minister. Ask the young people what they think about the rates in Alberta. I would say to this minister that it's completely ridiculous that companies operating in this province will charge thousands of dollars to insure a young person with a clean driving record.

My question to the minister: why doesn't she stand up for the young people in this province instead of being a mouthpiece for the private insurance companies?

MISS McCOY: Mr. Speaker, the premiums are based on claims statistics; that is to say, the number of accidents per thousand in a class. It's very clear that the number of claims per thousand for young people, particularly young males, is much higher than for other classes. In particular, for the group aged 18 to 19 who are male, there are 32 accidents per 1,000 licensed drivers in 1985 as compared to 10.6 per 1,000 for males over the age of 65. It is that sort of claims experience for a class that indicates that the premium should be higher in recognition that the experience is much different.

MR. MARTIN: Mr. Speaker, this is blatant discrimination. What about the young people that have good driving records? For example, in Edmonton we find that they have to pay between \$2,000 and \$2,070 a year -- these are people 20 years old with a perfect driving record -- and we compare them with Manitoba, \$386; \$538 in B.C.; and \$509 in Saskatchewan. My question is: why should young people with good driving records pay such a high price to live here in Tory Alberta?

MISS McCOY: Well, Mr. Speaker, the leader might more appropriately have asked the question: why should anybody pay any insurance if they have a clean driving record and have never had an accident? The logic is completely absent from his question and is purely a political ploy that he is taking, much like his counterparts in Ontario at this time.

I might add that the natural consequence of what the leader is advocating would be an increase in premium for everyone else in Alberta, and so instead of speaking for one smaller group of Albertans, I am speaking for all Albertans.

MR. MARTIN: This minister is speaking for one group of people, the private insurance companies, and that's it. Mr. Speaker, my question to the minister is simply this: has her department even bothered to check to see if this discrimination based on age and sex violates the Charter of Rights?

MISS McCOY: Yes, Mr. Speaker, we most certainly have. Indeed, there is a case in Ontario called *Bates vs Zurich Insurance* which was contested on that very basis, on the grounds that there was discrimination that is not justifiable. It went to a divisional court of Ontario, which clearly and unequivocally said that there is no discrimination that is not justified in this case. It has gone on now to the Ontario Court of Appeal, and we are watching that case with great interest.

MR. TAYLOR: A supplemental, Mr. Speaker, to the minister. While shilling for the insurance companies, who indeed may be subsidizing some of their lost profits in other provinces by what they are able to charge here, would the minister look into the Individual's Rights Protection Act as to whether or not there is

an infringement of judging these young people guilty before anything has happened at all?

MISS McCOY: Mr. Speaker, if the Member for Westlock-Sturgeon were to read the statute to which he referred, he would notice that there is a section that says that justifiable discrimination is acceptable in this province.

The very case that I mentioned a moment ago, the *Bates* case, is being debated on much the same sort of legislation in Ontario, and to date the judicial recognition of the fact that these rates are indeed justifiably set is the point I was making a moment ago.

DR. BUCK: Mr. Speaker, a supplementary question to the hon. minister. I served on a legislative committee for two years where we looked at the problem with the socialist programs versus the free-enterprise programs. I would like to ask the hon. minister: in light of the fact that some of the other provinces do have lower rates -- we cannot argue about that -- for the younger people, who makes up the difference between the lower rates in some of the socialist plans and the free-enterprise plans? Who pays that difference in the other provinces?

MISS McCOY: Mr. Speaker, the point is this: every other Albertan's rates would increase substantially. Every member in this House would be paying far more for their auto insurance rates than they are now, and every other Albertan over the age of 25 would be taking on that increased load.

MR. GOGO: A supplementary, Mr. Speaker, to the hon. minister. In view of the fact that this appears to affect so many people in the province of Alberta, would the hon. minister give consideration to recommending to the Assembly that perhaps a select committee of this House could look at the whole question of auto insurance in Alberta?

MISS McCOY: Mr. Speaker, I take the suggestion in the spirit in which it was no doubt intended. We are, however, watching events that are occurring, particularly the legal ones regarding the Charter of Rights and interpretation of statutes in other provinces. Until that case has gone -- it might go to the Supreme Court of Canada -- I think it would be premature to strike any select committee.

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

MR. MARTIN: Yes, Mr. Speaker, I'd like to designate my second question to the Member for Edmonton Kingsway.

#### **Consumer and Corporate Affairs Personnel**

MR. McEACHERN: Thank you, Mr. Speaker. I would like to direct my questions today to the Minister of Consumer and Corporate Affairs regarding some unreasonable and unsafe demands placed upon employees in her department that have contributed to a morale problem.

Is it the policy of the Department of Consumer and Corporate Affairs to require all employees in a particular branch to take turns carrying departmental moneys and securities to the bank each day with no protection, no training, and no insurance against theft, loss, or error?

MISS McCOY: Mr. Speaker, I can't answer the question in its specifics because I have not ever inquired into the practice to which the member alludes.

MR. McEACHERN: Well, you should have. Mr. Speaker, I would like to file for the information of the Assembly a confidential document that confirms that this was in fact directed by one of her officers in the Edmonton region. There are three copies here; I would like to file them. Will the minister then look into this practice and correct the problem?

MISS McCOY: Mr. Speaker, I wonder if I might ask to see a copy of the document to which this member is referring.

MR. SPEAKER: The answer is yes, hon. minister, but in due course. We're not going to hold up question period waiting for this, especially when filings normally take place much earlier in the day's business. A supplementary question.

MR. McEACHERN: Well, Mr. Speaker, would the minister commit to this House that once she has looked into this, she will hire professional, bonded individuals to transport those department funds to the bank or at least properly train and pay and insure one of the present employees that might be willing to do so, rather than have a roster system, forcing each person to take a turn?

MISS McCOY: I'll take that question on notice. Until I have seen what the member is talking about, I have no intention of answering his questions.

MR. SPEAKER: A question to the House. A filing was mentioned. Did a filing indeed take place, or were the copies not . . . Thank you. All right. Final supplementary, or . . . I don't know which supplementary but, please, a supplementary. It's the final? Thank you.

MR. McEACHERN: In view of the fact that I didn't get some answers on that particular aspect, I would just try a different question then.

What efforts has the minister made to ensure that the burden of her 11 percent cuts in full-time positions is not placed on the backs of employees, when our information is that unpaid overtime employees is one hour per day? [interjections] [inaudible] is the first question I asked. [interjections] No, it's not.

MISS McCOY: Mr. Speaker, these are properly questions that would have come up in estimates. By the same token, let me say this: there were 350 positions in Consumer and Corporate Affairs; 33 of those were abolished or will be abolished in this budget year. Of those positions, 13 were occupied. Of those 13 individuals, all but one, as I understand it, have either been reassigned to other positions within the public service or have found positions in the private sector. The one who has not is not intending to leave until October 1, 1987, and we fully expect to have that person also reassigned in that period of time.

My understanding from the staff of the Consumer and Corporate Affairs department is that these abolishments of positions and these reassignments of people have been accomplished with goodwill, that there is good morale, that the people in the department are excited about the new directions the department is taking, but that there are one or two individuals that repeatedly are not participating with the rest of the team in the department.

### Grain Transportation

MR. TAYLOR: Mr. Speaker, my question today is to the hon. Minister of Agriculture. With grain prices today at Depression-low levels or the lowest levels for some years, the only hope the grain farmers have is to be able to sell large enough volumes to break even. It would seem, though, that there are some clouds on the horizon with respect to disruptions in grain transportation, particularly in the labour strife.

The minister stated on May 12, and I quote from *Hansard*:

We're going to continue . . . to monitor the situation and to continue to make representations to the federal government.

My question to the minister is; will he inform this House as to the content of those representations?

MR. ELZINGA: Mr. Speaker, on a regular basis I am in contact with individual ministers at the federal level who do have various responsibilities. If the hon. member would like me to give him an itemized breakdown as to how often I have telephone conversations with these individuals or what procedure he'd like me to follow, I would appreciate him putting it on the Order Paper so that we could give him a detailed response.

MR. TAYLOR: Mr. Speaker, I was trying to save some paper. I was after content, not the timing. I realize that you are in constant contact, so you say. I want to know what you're saying. I would like to then ask the minister is he making any representations to CN and CP to see whether or not they would back off what appear to be rather unreasonable demands?

MR. ELZINGA: Mr. Speaker, we have in this great country of ours a process whereby there are opportunities for mediation and negotiation. If the hon. member is suggesting that we should outlaw the right to strike or whether we should outlaw the right to negotiate from a management point of view, I would appreciate it if he'd be a little more forthcoming.

MR. TAYLOR: Mr. Speaker, it'd be a pleasure. We'd just ask him to ask the railroads to back off a bit. It's very similar; do it all in one sentence. At least phone them and contact them.

Would the minister please justify to the Assembly then and the grain producers of this province why he considers this effort sufficient, given the disastrous impact that could happen with grain transportation delays and what grain producers will have to go through if we do not get the railroads and the unions together?

MR. ELZINGA: Mr. Speaker, if the hon. member would like, I'm more than happy to give him an update as to the status of the negotiations. I gather there is going to be mediation and discussions again between the two groups, from the information that we have received that had just developed yesterday. In the past they were not having further discussions, but I gather they are going to again have further negotiations.

MR. TAYLOR: Mr. Speaker, that's our complaint, the farmers' complaint. He gathers; we want him to know. We want to know what's going on rather than gathering. Well, would the minister go so far then to assure the House that alternate routes for transportation are being looked at and planned if indeed we cannot get these two groups together?

MR. ELZINGA: Mr. Speaker, we always look at alternatives. If I was to follow the suggestion of the hon. member that he raised in House the other day -- I must admit there was no substance to his suggestions as to alternate routes or to the decline in sales of barley. We're more than happy to follow through with suggestions that are realistic from the hon. member. Unfortunately, I must indicate to him that very few of his suggestions are realistic.

MR. FOX: A supplementary to the minister of economic development. Is he prepared to recognize that the railways' raising of freight rates to grain farmers and their attempts to squeeze more out of their employees through concessionary bargaining is not just a coincidence but a direct result of the Conservatives' enthusiastic endorsement of the deregulation of transportation?

MR. SHABEN: Mr. Speaker, that's not at all accurate, and I believe the hon. member is aware that it's not accurate. The government of Alberta has held the view for a number of years that we must work very hard to improve the efficiency of our railway transportation systems, and there are a number of factors that enter into that improvement of efficiency. There are a number of pieces of legislation that are involved. There are a number of initiatives that have been taken and initiatives that need to be taken. Recently we made representation to the federal government, through the standing committee on transportation, of the views of the Alberta consumers and shippers with respect to changes that need to be made.

The situation with respect to a labour dispute is one that we abhor as Albertans because it impacts so heavily on our capability of moving grain or other commodities to market. We believe it would be appropriate to find other mechanisms to resolve these sorts of disputes.

DR. BUCK: Mr. Speaker, to the hon. Minister of Agriculture. I think the Premier would remember the cry when he sat on this side of the House: "On to Ottawa." Can the Minister of Agriculture tell this Assembly if he and his counterpart in Ottawa realize how critical, because of the problem that agriculture is having, that there be a settlement and that there not be a strike of the grain handling facilities?

MR. ELZINGA: Very much so, in response to the hon. Member for Clover Bar. As he is aware, when there was this serious situation developing last year, we indicated to the federal government in a very forceful way, as the hon. member had indicated. At that time we were happy that the federal government did react. As I indicated a few days ago in the Chamber, Pierre Cadieux, the then Minister of Labour, indicated that the two parties should get together. The situation was resolved.

I should point out that there is a procedure that one goes through in these labour negotiations. It's a manyfold procedure. The federal government has appointed a federal conciliation commissioner. That commissioner has to report to the federal Minister of Labour, and at that time I'm sure he will act. But what I am going to do: I will take the advice of hon. members here, because we are planning to do that anyway, but to underscore that action, we are going to communicate our desire that all preventative measures take place. So hopefully there will not be any possibility of a strike, and we will convey those desires to the federal government.

MR. SPEAKER: Cypress-Redcliff.

MR. HYLAND: Thank you, Mr. Speaker. My supplementary question is to the minister of economic development. I wonder if the department, at the time these negotiations are going on, is working on any alternative measures such as the question I asked last year in this Assembly of the possibility of moving grain down through the States to get it to markets.

MR. SHABEN: Mr. Speaker, that question was raised by the hon. member last session as well as, I think, two days ago by the Member for Westlock-Sturgeon. One of the difficulties with utilizing alternate methods or alternate rail systems -- for example, the Burlington Northern -- is the method of payment of the Crow benefit, which makes it difficult to economically move grain by alternate modes.

That's one of the reasons the Alberta government has held the view that is consistent with the view of the majority of Alberta producers, that the Crow benefit should be paid to the producers in order that there is the opportunity to establish alternate modes, including the opportunity to move grain by truck.

### **Dome Petroleum Limited**

DR. BUCK: Mr. Speaker, my question is to the hon. Minister of Energy, and this has to do with the Dome/Amoco proposed deal. Is the minister in the position to indicate if he's had any discussions with Ottawa as to any contingency program to be put in place in case that deal does fall apart?

DR. WEBBER: No, Mr. Speaker.

DR. BUCK: Mr. Speaker, can the minister indicate what discussions he's had with his federal counterpart to look at the possibilities of acting in some manner if the deal falls apart?

DR. WEBBER: I've had none, Mr. Speaker.

DR. BUCK: Mr. Speaker, in light of the fact that the Primrose air weapons range is involved as part of the Dome deal, is the minister telling this Assembly that the Alberta government has had no discussions with the federal government as to what contingency plans would be in place if the deal falls through or is renegotiated?

DR. WEBBER: Mr. Speaker, what I'm telling the House is that I haven't had any discussions with the federal government with respect to the Amoco/Dome deal.

DR. BUCK: Mr. Speaker, to the Premier. In light of the fact that some of the notes could be called by the end of June, are the provincial government and federal government looking at some type of interim financing to keep Dome alive pending a new deal with some other buyer?

MR. GETTY: Mr. Speaker, I know the hon. member has been a member of this House since before 1967 even, I guess, and he knows that we can't deal with hypothetical situations in the question period.

DR. BUCK: Mr. Speaker, I think the Premier is really in a dream world, because this affects the entire oil industry in this province. I am absolutely disappointed at the provincial govern-

ment, so I'd like to know if the Premier . . .

MR. SPEAKER: Hon. member, the Chair hesitates to interrupt, but the main question and three supplementaries have been asked by the member. The Chair points out also that the first parts of the first three questions were in order. It was the second part of the question that was hypothetical, whereas in the last situation it was all hypothetical -- but difficult to follow. Westlock-Sturgeon.

MR. TAYLOR: Thank you, Mr. Speaker. For a minute I was afraid I'd lost my question to the Member for Clover Bar.

MR. SPEAKER: Well, we'll find out.

MR. TAYLOR: This is a supplemental, Mr. Speaker, to the Premier. Is he aware that the provincial government has the right to stop foreclosures on land and property in the province, and would he use that power to make sure he's fully conversant with all of the Dome deal before he lets anything go ahead?

MR. GETTY: No, Mr. Speaker.

#### **Job Creation by Small Business Sector**

MRS. KOPER: Mr. Speaker, last week some information from the federal government was made public that is said to confirm the decline of Canada's traditional industrial base. In view of some of the important findings of this study -- and it is my understanding that these findings were the most comprehensive study on job creation in Canada -- I would appreciate bringing some questions to this House. My question is to the Minister of Economic Development and Trade. Are there conclusions to be drawn from this study regarding the importance of small business in this economy?

MR. SHABEN: Mr. Speaker, there was a decision made a number of years ago to establish a small business data base. The decision was made as a result of consultation between the provincial, territorial, and the federal governments in order that we would have adequate statistical information to assist in policy development for economic development in this country. The first release of that compilation of business statistics for the period 1978 through '84 was very important in terms of providing guidance to governments, and it confirmed to us that small business is a critical component of the job-creation activities in this country. We've been aware of that and have had very aggressive small business assistance programs in this province, but the statistical information did confirm that small business is vitally important to job creation in Canada.

MRS. KOPER: Thank you, Mr. Speaker, what does this study indicate specifically about job creation in Alberta over that period? Are there any important factors there?

MR. SHABEN: There's a great deal of information contained in the study, both from a national perspective and from a provincial perspective. From a provincial perspective one of the key elements was that Alberta was second in Canada in terms of . . .

MR. SPEAKER: Order in the House please.

MR. SHABEN: . . . the total number of jobs created by the pri-

vate sector; 16 percent of the total number of net new jobs created in Canada were created in Alberta in that study period.

Also, there were certain changes in terms of where the job creation occurred. The largest sort of sectoral area was in the service industry, and my colleague had referred to that previously in terms of these shifts that are taking on. And another key factor, Mr. Speaker, was that the smaller businesses, those with fewer than 20 employees, were the major creators of new jobs in Canada and in Alberta. As a matter of fact, 62 percent of the new jobs that were created in Alberta were created by firms with five or fewer employees.

MRS. KOPER: Mr. Speaker, to the minister. Are there any major insights in this study for the future diversification of the Alberta economy?

MR. SHABEN: Yes, very much so, Mr. Speaker. I'd indicated that the service industry has become a major job-creating sector in the economy, and that reflects our government policy of placing a higher priority on tourism, which is obviously a service industry, the opportunities for expansion in the finance sector and for smaller manufacturing companies that specialize in high quality, high value, new products that respond to particular market areas, and those could include manufactured products and the fashion industry or plastics or rubbers or high technology. Those are where we've identified opportunities for both small and large business in Alberta.

MR. SPEAKER: Final supplementary, Calgary Foothills, followed by Calgary Mountain View.

MRS. KOPER: My final supplementary is to the Minister of Career Development and Employment. As the minister responsible, are there implications in this study's finding for your future department planning, Mr. Minister?

MR. ORMAN: Well, Mr. Speaker, although I'm in government today, I still think as a small businessman, and that's my terms of reference whenever I'm trying to determine the direction we should go in terms of programming within the department.

I do believe that the study the hon. Member for Calgary Foothills is referring to is not as current as we would like it to be, but I'd like to indicate that since April 1, 1984, this government has funded 170,000 jobs in the province. And I should indicate to the House that all or substantially all of those programs are funded -- on-the-job training or work experience -- in the private sector.

The recently announced labour market strategy is targeted at small business in recognition of the contribution that they do make to job creation in this province. In my view, the enhancement of small businesses, particularly the service industry, Mr. Speaker, is in fact diversification. It's not diversification in how we would look at diversification in a normal circumstance; that is, by looking for large manufacturing plants and smokestacks. Diversification is happening, in fact, in the service sector by small business so that we can compete beyond the borders of this province and in fact internationally.

MR. SPEAKER: Member for Calgary Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Speaker. A supplementary to the Minister of Economic Development and Trade. Is the minister concerned by indications that the control of our

economy is becoming more concentrated in the hands of powerful conglomerates?

MR. SHABEN: Mr. Speaker, we've just been reflecting on the job creation in Canada, and the vast majority, as a matter of fact 92 percent, of the net new jobs created in Canada were by smaller firms, which are generally Canadian-owned. I was interested in the 1986 results of new incorporations and new business formation in Alberta. Incorporations alone were 16,000, plus partnerships and proprietorships totaled another approximately 14,000. So there were new business formations in Alberta in 1986 of 30,000, which were Alberta companies.

It's not evident to us that there is a takeover of Alberta business life by foreign companies, although we in Alberta, the government side, welcome foreign investment. We welcome it in terms of the opportunities it provides for us to create activity in many sectors of the economy. We have a role as a government to set the rules under which companies function, and we do that. We welcome foreign investment in Alberta.

MR. SPEAKER: Supplementary question, Edmonton Meadowlark.

MR. MITCHELL: Thank you, Mr. Speaker. To the Minister of Economic Development and Trade, who has made so much of the importance of small business to economic development and the creation of jobs, and rightly so. In light of that observation why is it that this minister has cut financial assistance to exporters by 53 percent, has underfunded the market development assistance program, and has cut his small business division in his department by 12 percent? How is that consistent with his current observations?

MR. SHABEN: Mr. Speaker, the hon. member might refer to *Hansard* from last week, where he asked the three identical questions.

ANHON. MEMBER: But can he read?

MR. SHABEN: Someone asked if he could read. I'm sure he has the competence to reread *Hansard*. But I answered the three questions.

I'd like to add though, Mr. Speaker, that the government has worked very hard at developing small business programs that respond to the needs of the small business sector. They have been successful. I've made available a document entitled Alberta's Economic Diversification Policies and Programs -- and I would suggest again that the hon. member look at it -- with over 50 government programs.

I'd also like to advise the House that the federal government has realized the importance of small business and has seconded one of our key individuals from the department to help them strengthen their small business sector, which demonstrates to all of us the leadership role that Alberta has held in Canada in supporting small business over the past 10 years.

MR. SPEAKER: Edmonton Calder, followed by Edmonton Meadowlark.

### Social Allowance Rates Criteria

MS MJOLSNESS: Thank you, Mr. Speaker. My questions are to the Minister of Social Services. On Wednesday the minister

was questioned about the criteria on the basis of which the current rates of social assistance are set. She indicated that the basis for the food allowance was the Canada Food Guide but made no mention of any criteria for housing, clothing, or personal expenses. Would the minister indicate to this Assembly what criteria are used to establish rates for housing, clothing, and personal expenses?

MRS. OSTERMAN: Mr. Speaker, as I've indicated in the past, obviously there is a survey of a number of areas with respect to the items the hon. member has raised, and when those various components are taken into consideration, along with market pricing and so on, then a judgment is made.

MS MJOLSNESS: We're looking for specific criteria, Mr. Speaker. A supplementary to the minister. Could she explain why she has consistently and categorically refused to provide her department's criteria to the Income Security Action Committee as well as this House?

MRS. OSTERMAN: Mr. Speaker, I believe it's fair to say that it is the practice of this government to listen very carefully to all information that is brought forward. The hon. members may be laughing because they don't listen to their constituents, but we do. And on the basis of that, all of that information, we believe that we make appropriate judgments on behalf of all the people in Alberta.

MS MJOLSNESS: Well, the people would like to know on what basis these rates are set, Mr. Speaker. A supplementary to the minister. Given the minister's statement on Wednesday that we have identified in the province of Alberta the relative cost of shelter, food, and clothing, and on that basis that's how we have evolved the figures for social allowance, will the minister table these relative cost figures in this Assembly?

MRS. OSTERMAN: Mr. Speaker, it's very interesting in terms of the whole social allowance structure right across Canada and comparisons that can be made, and I think it would be important for the hon. member to look at a province that obviously professes the same philosophy as the Official Opposition party and note that the one area that we have made a significant change in is the shelter allowance. And again, for the hon. member's information, it is our belief that although changes are required in life-styles by individuals, single employables can certainly manage with that allowance.

MS MJOLSNESS: Based on what criteria though? A supplementary, Mr. Speaker. Will the minister confirm, given that on April 1 the minister indicated to this Assembly that an objective study of real need would be very difficult to frame because real need is a subjective term, that aside from the Canada Food Guide the setting of social allowance rates is completely arbitrary?

MRS. OSTERMAN: Mr. Speaker, I suppose they are as arbitrary as the choice of opinions that are held by every single individual in this House.

MR. SPEAKER: Edmonton Gold Bar.

MRS. HEWES: Thank you, Mr. Speaker. A supplementary to the minister. Both the minister and the Premier insist that ade-

quate accommodation can be found at the rates specified. Will the minister and/or the Premier now meet with some of the people in Edmonton and Calgary -- I'm suggesting Operation Friendship, Boyle Street co-op, and the various rental agencies -- to find out if in fact their statements are accurate?

MRS. OSTERMAN: Mr. Speaker, on an ongoing basis I would expect that the field staff in the department would provide us with information in terms of the people who are being served and what situations they are faced with.

MR. SPEAKER: Supplementary, Vermilion-Viking.

DR. WEST: Yes, to the minister. Could she indicate if there has been any work or trials done to look at what level of social assistance actually creates unemployment and takes away self-initiative in seeking one's basic needs in life such as shelter, food, and other needs?

MRS. OSTERMAN: Mr. Speaker, that is certainly a matter that has come under some discussion, particularly just in the last few years, even by people in the so-called intellectual community who have raised a number of concerns with respect to the history of social programs in North America. And while I realize that the hon. members in the Official Opposition would not want to hear any information that would differ from their passionately held opinions, I think it's important that all of us, including those of us who strongly believe in independence, look carefully at our programming and, if we don't believe it to be appropriate, if we believe we are erring on one side or the other, that we carefully do that review and respond accordingly.

MR. SPEAKER: The Member for Edmonton Meadowlark, followed by the Member for Edmonton Glengarry.

### **Economic Development in Northwestern Alberta**

MR. MITCHELL: Thank you very much, Mr. Speaker. In the northwest region of the province there are a number of regional economic development concerns that have not been addressed by this government as yet. To the Minister of Economic Development and Trade. During the last election the people of Grande Prairie were led to believe by the sitting MLA that they would be receiving government assistance for a compact disc production plant. When will the government deliver on the MLA's campaign promise, or is it considering putting this plant somewhere else?

MR. SHABEN: Mr. Speaker, the member is in error. The MLA for Grande Prairie did not make the announcement; he was present when the announcement was made. The reference was to federal aid and not to provincial aid.

MR. MITCHELL: Is the Minister of Economic Development and Trade therefore saying that his department will not be considering financial assistance, either equity or loan guarantee assistance, for the building of that compact disc plant in Grande Prairie? Because the people of Grande Prairie certainly think that he is.

MR. SHABEN: Mr. Speaker, that's an entirely different ques-

tion. I've had a number of discussions with the MLA, and I'm well aware of the efforts of the community to firm up that proposed development. We in the department of economic development have worked with the proponents. As yet I am not in a position to make any sort of an announcement as to whether or not we are prepared to make an investment or support the project until we are satisfied that the project is sound and makes good economic sense.

MR. MITCHELL: Could the minister please give some indication to the House and to the people of Grande Prairie about when he thinks he will be able to make that decision, what processes are in place, and when will he be able to make a more definitive announcement?

MR. SHABEN: Mr. Speaker, in the most recent discussions with the proponents a proposal was presented to us which we examined very carefully and in a counterproposal made a number of suggestions that we felt were essential ingredients before I could bring the matter forward for consideration by my caucus colleagues. As yet we have not received a response to our request for an alteration of their proposal.

MR. MITCHELL: Mr. Speaker, a final supplementary. It's clear that the closing of the Beaverlodge Armed Forces' facility will have a huge impact on the economy of the town of Beaverlodge. Has the minister given any thought to what initiatives might be undertaken to offset this serious impact? For example, might the facility be used on an interim basis to provide the services of an AADAC facility, which has been put on hold rather than being constructed as it was originally planned for Grande Prairie?

MR. SPEAKER: Hon. member, that supplementary does not follow from the original line of questions.

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

MR. SPEAKER: After.

The time for question period has expired. Might we complete this line of the original question if there are additional supplementaries and also recognize the Premier to give supplementary information?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Any additional supplementaries from any other quarter of the House with respect to the compact disc issue at Grande Prairie?

### **Government Appointments**

MR. GETTY: Mr. Speaker, I advised the House yesterday that I would check into information regarding Mr. Stephen Stiles, and I thought this would be an opportunity to give the House the supplementary information. I have spoken to Mr. Stiles. The information is this: I've satisfied myself that he stands by his original apology and that he acknowledges and recognizes the reality of the Holocaust and the terrible persecution of the Jewish people. However, because of the impact on his family and himself by the manner in which this issue has been reported,

he has asked to have his name withdrawn from the appointment, and I have agreed to do it.

MR. SPEAKER: The Chair recognizes Edmonton Meadowlark on a purported point of order.

MR. MITCHELL: No, it's in fact a point of order, Mr. Speaker, under *Beauchesne* 357 and 358. My original statement, my opening statement in the preamble -- it was one sentence, not the three to which I am entitled. I said:

In the northwest region of the province there are a number of regional economic development concerns that have not been addressed by this government.

And I addressed one, which was the compact disc facility.

Consistent with that categorization is the Beaverlodge issue. Consistent with that categorization is the AADAC facility. Consistent with that categorization is also the regional development and tourism authority, which is having difficulty. I would have gotten to each one of those, depending upon the kinds of answers I received from the minister. I submit that my question was consistent with the general overall theme and that the supplementals followed from my opening preamble.

MR. HYLAND: Speaking on the point of order, Mr. Speaker, relating to the same sections quoted. I always thought that the preamble on a question was just what it says, a preamble on a question, and that those supplementaries relating to it are related to the question, not to the preamble.

MR. SPEAKER: With respect to the purported point of order, if the Chair follows the line of reasoning as developed by the Member for Edmonton Meadowlark, then probably every question raised in this House with its subsequent supplementaries would have to be allowed to go all over the map, not only of this province but of the universe.

Question period is not like estimates, whereby one can just mention a department and then go willy-nilly throughout all aspects of a department, and the Member for Cypress-Redcliff has properly pointed out that oftentimes introductory material is a long way away from what the first question is. I think the hon. Member for Edmonton Meadowlark, just perusing the questions of the leader of his party, for example, as well as other members of the House, would see that oftentimes we have a lot of extraneous material to begin with and then get into the line of questioning.

The Chair's recollection of the line of questioning today was that indeed the first two -- in fact, the first three questions dealt with the matter of the issue of a compact disc plant at Grande Prairie. Therefore, to then switch over to the use of a facility at Beaverlodge for an AADAC facility was really stretching the issue considerably.

So perhaps once again we might have a slight difference of opinion, hon. member, but that was the reason for calling the person to order and not allowing that final supplementary.

#### ORDERS OF THE DAY

head: **INTRODUCTION OF SPECIAL GUESTS**  
(*reversion*)

MR. SPEAKER: Might we revert briefly to the Introduction of

Special Guests?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed?

First, the Minister of the Environment, followed by the Member for Vegreville.

MR. KOWALSKI: Thank you very much, Mr. Speaker. We're indeed pleased today to have 24 young people from the Rich Valley school visiting the Legislative Assembly. These young people are accompanied by three very good friends of mine: Mr. George Pon, the principal of the school; Mrs. Debbie Behringer, a teacher; and Mr. Harvey Hove, bus driver.

Each year I hopefully try to get to visit with these young people in their classroom, and I've always enjoyed it. By the way, Mr. Speaker, Rich Valley school is 50 miles northwest of Edmonton on the soon to be world-famous Highway 33 or the Grizzly Trail. I'd ask all of my colleagues to join with me in bringing welcome to our young people from Rich Valley, and I'd ask them to stand.

MR. FOX: Mr. Speaker, it's my pleasure to introduce to you and to members of the Assembly today 28 grade 10 students from the Holden school in the Vegreville constituency. They are, no doubt, although happy to be here today, looking forward to a long and sunny weekend on this special holiday. They're accompanied by their teacher, Mr. Derek Burden, and their bus driver, Mr. Ed Golembuski. They are seated in the public gallery, and I'd ask that they rise and receive the warm welcome of the members of the Assembly.

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

#### **Bill 38** **Appropriation Act, 1987**

MR. JOHNSTON: Mr. Speaker, I'm pleased to move second reading of Bill 38, Appropriation Act, 1987.

Mr. Speaker, the Legislature, in its committee study, has reviewed in a very comprehensive manner the estimates of the government of Alberta which I presented here in a budget speech in March, which will provide for the funding of a variety of departments over the next fiscal year ending March 31, 1988. In doing so, it has been our attempt and our objective to provide as much information as is possible to the Legislative Assembly. We have done that by making available on an ample basis an opportunity for all the ministers to be available to the Committee of Supply to answer questions, to provide goals and objectives, and to talk about their view of the four-year plan ahead as it affects their department.

It is in that context that I'm very pleased to make the motion today to ask for second reading of this Bill, a Bill which to some extent changes the way in which we have set the budgeting targets for this government. On the expenditure side is an attempt to more carefully align the kinds of expenditure priorities which we consider to be important from this government's point of view. In setting those objectives, Mr. Speaker, we have spent a considerable amount of time both in discussions with constituent groups across the province and also as MLAs, talking specifically to our own constituencies in this province. On balance, the consensus we have seen is that the people of Alberta realize that



in the current economic situation this budget, this set of expenditures, very clearly reflects the objectives and the direction they would like to see us go over the next three- to four-year period and clearly in this year as well.

Now, it has not been an easy task for all members of Executive Council or the government caucus to come to grips with the changed situation, but over the period of a few months we went through a process which allowed us to set these targets, to set these priorities, and to reflect those spending priorities in this request for dollars here today. Clearly, as I spelt out in early March -- March 20, I believe -- we did in fact assign a clear set of priorities within this budget, priorities which reflected the need on the social side in particular for education, for hospitals, and for assistance to those in need.

At the same time, Mr. Speaker, many departments had to adjust internally for the new realities, for the new efficiency in government, and for the new plan which is before us over the next four-year period. I must say that the ministers, as I've indicated before, have in fact accommodated this change process and, I think, have brought a new sense of freshness to the decision process and will bring even more critical evaluation of the way in which we operate as a government in terms of the review of programs which have been before us for the past 15 years. That review is extremely important as we attempt to refocus and to shift toward the kinds of economic imperatives and priorities -- social objectives -- which this government takes to heart in shaping and carving an expenditure program for 1987-88.

Similarly, Mr. Speaker, we will now, once this appropriation Bill is completed, start on the next budget. It'll probably be under way in the next week or so. We will obviously start the process one more time, moving towards the spring of 1988, and in doing so we will listen carefully to the comments and, to some extent, the criticisms and even the suggestions of all members when they debate the various departments. And those questions, comments, and points we'll be attempting at least to reflect in the expenditures.

[Mr. Deputy Speaker in the Chair]

Now, Mr. Speaker, because of the lengthy opportunity we have had in this Legislative Assembly to debate this budget, and because we've had ample opportunity to provide information, to respond, to show a different point of view as opposed to simply trying to force this through, we have therefore had ample opportunity for discussion and debate. No doubt there are differences of view, and no doubt there are shifting priorities. Well, as between any member within our own government we can find that kind of shift and that kind of different emphasis on priorities, but on a collective basis I think we have satisfied clearly the objectives of the people of Alberta with this budget.

I should note, Mr. Speaker, that in the first part of this Bill, the first section, we of course are asking for \$288,894,880, being the special warrants which were approved by Executive Council up to the end of March 1987. During some of the discussions previously, there were questions about when we would have an opportunity to approve those warrants, and of course they were tabled in my fundamental documents -- the thick blue book, for lack of a better reference -- on page 379 and page 389. And now, through the process of this legislation, we will also be asking for approval of those expenditures, the justification for which, of course, has been provided and has been debated as well.

Moving then, Mr. Speaker, to the General Revenue Fund

itself and the request for \$9,952,421,088, we of course are asking for a substantial amount of money. On a per capita basis, as has been noted very often in this Assembly by my colleagues in this government, this is one of the highest expenditures per capita of any government in Canada, and therefore we believe that the priorities on a per capita basis far outstrip the contributions to the key areas I've described in this budget in comparison with any other government in Canada. But at the same time, it does reflect a sense of fiscal responsibility. We must, Mr. Speaker, take attempts and efforts to downsize if necessary the size of government and government expenditures, and we have done that in a significant way in this budget. Careful consideration has been given to unnecessary expenditures; careful consideration, and to some extent compassionate consideration, has been given to the downsizing of government as it affects the personnel side.

Moreover, Mr. Speaker, I can report that the first information coming to me now as a result of the freeze in the fall of 1986 shows that in fact that freeze was even more successful than I had contemplated. As a result of steps of that order, a clear fiscal plan which will deal with the problem, we will I think certainly satisfy the deficit target I talked about in my budget. Nonetheless, the freeze itself was extremely successful.

Mr. Speaker, notwithstanding the criticisms about changing priorities, notwithstanding the narrowness that some members have brought with respect to the debate, this is a realistic budget. This is a budget which deals with all the problems facing Alberta. It deals with fiscal responsibility and targets as priorities key areas which have been debated with our colleagues in government, have been presented to this Legislative Assembly, to the people of Alberta, and on balance have been accepted by the people of Alberta as showing clear leadership, good management, and a sense of responsibility.

It is with those final words, Mr. Speaker, that I ask the Legislative Assembly to consider in second reading Bill 38, the Appropriation Act, 1987.

MR. DEPUTY SPEAKER: Hon. Member for Edmonton Kingsway.

MR. McEACHERN: Thank you, Mr. Speaker. I of course have prepared a few remarks I wanted to make about Bill 38, but in listening to the Treasurer, although he didn't get so eloquent and carried away as last night, nonetheless one must reply to some of the things he said. He has a knack for opening his mouth, and I love to put my foot in on occasion.

He started off by saying we had lots of time for a thorough review of the budget. I would like to point out to the hon. Treasurer that the Standing Orders allow us up to 10 days to initially debate the budget in a global sort of context. This government gave us three days this time. As Treasury critic for the Official Opposition, I didn't get to speak in those three days -- that's how many people wanted to speak on it and how little time there was for debate. We in fact had to designate Treasury on the following Wednesday so I could get my reply to the budget in.

So, Mr. Speaker, he starts off with a totally untrue statement that we had ample time. We have not had ample time. In fact, going through department by department, one of the departments, the Executive Council, didn't even come before the House. Some of the others did not get full debate, I'll just take one example . . .

MR. JOHNSTON: A point of order, Mr. Speaker. The member has just made a statement which I think needs to be corrected, and that is that Executive Council did not come before the Legislative Assembly. As a matter of fact, it has been here. Perhaps the member wasn't.

MR. McEACHERN: Okay, I'll stand corrected on that particular one. But we have not had the proper time for debate on each of the departments. A simple example, and I'll quote this one. I know I was here and did not get to speak on the Education budget, which is \$1.3 billion. Our critic was the only one that got to speak. You talked about the minister having time to lay forth to bring information to the House. Yes, you're darned right the minister has laid information on the House. In that particular case the minister spoke three times in the two and a half hours and took up most of the time. Two backbenchers also . . .

MR. DEPUTY SPEAKER: Hon. member, with respect, we're dealing with Bill 38 in principle today. With respect. Motion 6 is still on the Order Paper.

MR. McEACHERN: Well, Mr. Speaker, we are talking about the budget, and therefore budget process seems to me to be also an important part of that budget. You know, he talks about ample time, but in Manitoba they debated Agriculture for three weeks last summer on their budget and we get a chance to get one speaker from the Official Opposition on the Education budget. I think I have a right to stand up and say that in this House, and it's about time somebody did on not only that one but several others. We were dissatisfied with the debate the first time Social Services came up, so we designated it, and the same thing happened again: the minister talked over half the time away and we got only one speaker in. I'm just not going to sit here and listen to him say we had ample time. We have not had ample time.

The Treasurer made a number of other remarks. Perhaps it will make the chairman a little more happy that I go back to some of the details. But in any case, it's important that we also talk about the time spent on the budget, and I make no apology for that. He says that the government has done a careful choosing of their priorities. However, in looking at the 15 years they've been stumbling along with spending and wasting money in many cases, he's decided that this downsizing is maybe a good idea and maybe the ministers and the departments will stop and look at what they've been doing. And I certainly agree that there's certain merit in that. I don't think there's any doubt that this government has become very bureaucratic -- it is the most bureaucratic government in the country -- and they have wasted a lot of money and done frivolous and expensive projects they didn't need to do, have been very wasteful in entertainment, and have appointed cabinet ministers to soft jobs at great, high salaries. So there are many areas in which this government can tighten up; there's no doubt about that.

But when he talked about downsizing and fiscal responsibility he also tried to claim they had set as a priority education, health care, and social services, which are exactly the areas where most of the downsizing took place. So I don't really think very much of his choice of prioritizing things, trying to claim that a 3 percent downsizing -- which in some cases amounts to a lot more than that when you take inflation and special programs into account -- in education makes any sense, that downsizing our health care makes any sense. We've got 1,100 people lined up for elective surgery at the General hospital.

The cutbacks in social services. They said they weren't going to do any cutbacks in social services. That's not true. They turned around and immediately cut back what they call the single employables, and since the budget's been debated, they announced more cutbacks just the other day, which should have been announced ahead of time and incorporated into the budget and were not there. So I guess they've already started on the government warrants for next year, only instead of expenditures it's downsizing more or cutting back on people that need help, the weakest and most vulnerable group in our society. I don't think much of the Treasurer's priorities.

He says that the freeze in the fall of 1986 was successful. Then my question to the Treasurer is: why are we now passing a \$288 million government warrant expenditure -- that is, expenditures over and above what we approved last summer -- if your freeze that you imposed in November was successful? How come we have spent \$288 million more since the budget we passed last summer if in fact you're claiming you were successful in freezing expenditures halfway through that period? The deficit of \$3.3 billion that you projected in this year's budget as being the forecast, or almost a more accurate account of what you estimated it to be last year, will now be well over \$3.5 billion. It will be \$3.6 billion, which is what we told you all the way along. Well, if you've got to pass another \$288 million, you've got to add that to your deficit for last year. So, Mr. Speaker, I'd suggest that his freeze was rather ineffective if at the same time they were spending money in every department almost, as I look through those government warrants.

He said that people realized this budget represents the direction they want to go. I underlined the word "they" when I copied that statement down. Two-thirds of the people of Alberta thought it was a lousy budget. When the Treasurer ran around the province on talk shows on the radio and on TV, the majority of people who phoned in were in favour of it because, of course, who that's against it is going to phone in unless they've got a tremendous amount of courage and really think they know their facts. So he takes that as a sample. In fact, larger samples have shown that two-thirds of the people thought it was a lousy budget. So I guess when he says the budget represents the direction they wanted to go, he means this government. Quite frankly, it's not a very good direction.

Well, having replied to some of the minister's opening comments, I would like to get down to my own sort of analysis and way of looking at this. I did want to spend some time on the timing, and I still think a couple of comments are in order in spite of the fact that I have touched on it. We should have taken the full 10 days in the budget debate, and then we should also be allowed complete open time department by department. There should not be a 25-day limit to that debate. There is no reason to limit the debate on a \$10 billion budget in this House.

There should be less use . . .

MR. DEPUTY SPEAKER: Order please. Order please. The Chair is having some difficulty with the matter of relevancy. The Standing Orders of this Assembly are not determined by the Provincial Treasurer, indeed not by the government but members of the House. So would the hon. member perhaps come back to the principles of the Appropriation Act. The hon. Acting Government House Leader.

MR. YOUNG: Mr. Speaker, I just want to draw to the hon. member's attention section 3(13) of *Beauchesne* which deals with reflections upon determinations and decisions and proce-

dures of the House. The hon. member is persisting in reflecting upon procedure which was accepted by all members of the House, and it's quite improper to do that.

MR. JOHNSTON: On the point of order, Mr. Speaker. I think the point of order is clear that we have not at all abridged the Standing Orders of this House, and I seek your direction with respect to clarification as to whether or not there are standing orders which direct the term of debate on the general motion itself. I think the member should review the Standing Orders.

MR. McEACHERN: I think we should all review the Standing Orders and change them. That's what I've been trying to say.

Okay, let's talk about the government warrants for a minute. Why are we spending \$288 million on government warrants? Why cannot the government bring in a budget that is fairly accurate, adjust that budget in the spring session, and then adjust that budget in the fall session perhaps, instead of spending so much on government warrants? It allows too much leeway to the cabinet to make policy in secrecy and when the House is not sitting, and it's quite unnecessary.

In looking toward the basic principles of this budget, it seems to me that one of the basic things the government said to itself when it set up this budget was that they could somehow rescue the energy companies of this province and the energy industry and therefore increase our revenues and that they wouldn't have to really take seriously the need to do anything else, in terms of economic policy, that would get this budget back in balance except to in the meantime cut expenditures in certain key areas. So I'd like to just spend a minute, Mr. Speaker, on the revenue side of a budget.

I know that basically we're on the expenditure side, but when you're dealing with a budget you're looking at: there's a deficit, and you have certain expenditures or cut certain expenditures because you anticipate certain revenues. So the two are very much interwoven and interconnected. It seems to me this government has said that by forgoing royalties and taxes on the oil companies, somehow that would rescue the oil companies and we would find a return of the revenues we used to enjoy from our resources. Mr. Speaker, that's a pipe dream as long as we continue to deregulate those industries and allow OPEC to undercut the oil prices of Canada in the same way they've done on the international markets. So unless the government is prepared to sit down and negotiate with the federal government and demand some kind of floor price -- as we had a ceiling price imposed on us in previous times -- our revenues from that source are not going to increase.

Now, what other sources of revenue might we turn to to try to cut down the difference in the deficit? It would seem to me that there are some, and although this government put too many eggs in the oil basket and is suffering as a result because we haven't had the degree of diversification we should have had, nonetheless there are some industries started and we do have some potential of revenues from those sources. But when the Treasurer brings in a budget which takes a billion dollars out of taxpayers' money very suddenly, you're dampening the economy even further and we'll be lucky if those new and struggling industries survive. A lot of the small businesses we are supposedly trying to help in fact are not being helped very much by this government in spite of a lot of their talk.

MR. R. MOORE: You'd nationalize, Alex?

MR. McEACHERN: Not you anyway. I'd liquidate you. [interjections]

In any case, to get back to the budget . . .

MR. DEPUTY SPEAKER: Order please. Banff-Cochrane.

MR. STEVENS: Certainly the member should consider his withdrawal of that remark.

MR. McEACHERN: Oh, come on. It was said in jest, for heaven's sake. Ron and I are at each other all the time. Forget it.

MR. DEPUTY SPEAKER: Order please. The Chair would be the last one to infer the last day of the week shouldn't be a time of jest and humour and the rest, but with respect, we're here to discuss the province's business.

We're on Bill 38, the Appropriation Act, which deals with expenditures, not the budget debate. Now, the Chair would urge hon. members to debate the principles and arguments, pro and con, on the Appropriation Act, Bill 38, and not methods of raising revenue in the province of Alberta. That surely is a matter for the budget debate.

Edmonton Kingsway.

MR. McEACHERN: Mr. Speaker, I'm very serious about what I've been saying. That was just a little aside, as you will acknowledge, and . . .

MR. DEPUTY SPEAKER: Hon. member, with respect, the Chair was not referring to the Member for Edmonton Kingsway; the Chair was referring to members of this House. Hon. Member for Edmonton Kingsway.

MR. McEACHERN: Thank you; sorry.

Just in that line of looking for revenues, of course there is another aspect to trying to bring revenues and expenditures together so you don't have such a big deficit in your budget. One is to look at the kinds of programs one might bring into play to try to increase revenues, and I will look at that at the end of my remarks.

I want to take a little more time, though, to talk about the expenditures and the cuts in expenditures that the government has imposed in this budget. To cut the Education budget was one of the more foolish things the government did in this budget, in my opinion. It exemplifies several different aspects of the problems with the cutback mentality. First, it assumes that cutting education costs -- in a sort of accountive way, we're going to narrow that gap between expenditures and revenues. But if in a time when the private sector is having trouble, as it is now in this province, you also decide to cut things like education, health care, and social services, which are the stable government expenditures that help to keep an economy going, then you shrink that pie even further and hurt the private sector even more and the whole economy shrinks even more. So that is not a productive thing to do from the macroeconomic point of view.

From the point of view of humans and people, cutting education doesn't make any sense. It takes away a lot of their hopes, their dreams, their plans for the future, their desire to improve themselves or their chance to improve themselves, and on top of that it takes away the leading edge you get from having a well-educated society that can compete on the international markets. We are heading into a world where there is more and more com-

petition on a high-technology basis and technologies are changing faster and faster and you have to have people who can do that well. The day of the big factory and mass production and people turning one bolt at a time is going by the by. Economies of scale have been going down in the last few years. I was at an economic symposium the other day, and it was suggested that the economies of size and scale that we used to talk about have been shrunk by as much as five to 10 times in some industries compared to what they used to be. So to take away our leading edge by having a highly educated population is economically not sound, and to cut education costs is quite foolish.

Health care fits into something of the same category. If you don't have your health, you're going to have more time off work. Few people realize it, but we have far more time lost by workers that are ill and can't work than we do by strikes. I mean, everybody gets excited about strikes, but the comparisons are that there are many, many more days of work lost by ill health. So we need our health and our health care system. Social Services is fundamental to keeping body and soul together for those people that are unfortunate enough to lose their jobs in this society, and believe me, lots of people do.

While I'm talking about the sort of macroeconomics of this to some extent, the Treasurer tried to claim that his budget was an expansionary budget because he was spending \$1.8 billion more than he was taking in in taxes. I did try to explain this once before, but I think it needs to be said again because I don't think people were listening. In last year's budget, according to the government, we had a \$3.3 billion deficit. Because of the government warrants, it's sounds like it's going to a little over \$3.5 billion, which is more like what we said it would be. This year we're aiming for a \$1.9 billion deficit. So basically if we use the government numbers, that's a \$1.4 billion difference. In other words, the government is trying to cut back some expenditures and at the same time increase revenues by a \$1 billion tax grab to narrow that deficit gap.

In no way can that budget, the budget of this year, be considered inflationary or expansionary. If we had started from last year at a position of equal expenditures and equal revenues and had moved to a situation where we have a \$1.9 billion deficit, then I would agree that that would be an expansionary budget. But we have not moved from that position. What happened is that we lost over \$3 billion in oil revenues last year. So that money which usually came in from outside the province into this province is not coming, and the Treasurer has an obligation to make that up by borrowing some of it from outside the province. The idea of borrowing the bonds he issued recently to borrow inside the province is a good idea, but still a certain amount of money has to come in from outside the province to make up for that drop in oil revenues that used to come in from outside the province.

It's okay to say that we've got to be more fiscally responsible and pay for more of the things ourselves and raise taxes to some extent. Certainly taxes should be reformed, and I think we could get more in taxes, particularly if we'd look at the share of taxes between personal taxes and corporate taxes. Ninety-three percent of his new taxes were on individuals and only 7 percent on corporations. So to claim that this budget is expansionary is nonsense. It's still a depressing budget. It will depress the economy even further, because we've taken an extra \$1 billion out of taxpayers' pockets and they will have less money to spend. On the expenditure side, we have cut back in education, health care, and social services, so those people will have less to spend. So this budget is a depressing budget in more ways than

one. It is not an expansionary budget.

It seems to me that what the Conservatives on this North American continent, not just in Canada but in Alberta, need to do is stop and take a second look at Keynesian economic theory and how governments are supposed to operate. That process, the Keynesian economic theories on how governments should operate, worked very well in this country between 1947 and 1976. Some of the reasons it has quit working are because the federal government and the provincial governments of this country are giving away royalties and giving tax-free allowances on a massive, massive scale so that governments have not collected the money they need to run the programs that are needed.

Mr. Speaker, I would wind up my comments this morning by rating a few of the suggestions we had -- if I can find the right document here -- that our party put forward to in fact increase the revenues of this province so that we wouldn't have to take such a large tax grab from the pockets of Albertans. These are comments -- and I'm only going to highlight them; I'm not going to read them -- from certain sections of our alternative speech from the throne, some of the things that we suggested could be established, that the government might like to look at.

A jobs fund, somewhat similar to the Manitoba plan. Vencap -- we gave Vencap \$200 million out of the heritage trust fund. Hardly any of that money has been used. They should take back at least \$150 million of it and do a job-creation investment, a diversification fund. We should look at the idea of setting up a critical industries commission; there are an awful lot of small businesses out there that are in very critical shape and likely to go under, and much like we talked about rescuing some of the farmers and taking an easier line on them with credit in terms of ADC's loans to farmers to stop them from going bankrupt. In fact, we've suggested a debt moratorium Bill at different times. We should have a critical industries commission that would help some of those struggling companies to stay in business if the industry was a viable one.

Another suggestion that this party has made a number of times, and I still think is a sound one, is that the Alberta government should set up an economic council of Alberta. An economic council could pull together a lot of the better ideas of where this economy could go and what directions we should be moving in. It could help plan some diversification, and on that diversification thing I'll say something again that I said last night; that is, that the only time this government was successful in their diversification efforts was when they planned a specific project and put money into that project. Any of the times they just of sort of said "Here's some money," it went into oil and gas. And there is a danger that that same thing will happen will a lot of their present programs.

I think it's time the government took some responsibility for a little bit of planning. The Treasurer says, "Oh well, how do we know how we can pick the winners? Why should government try to pick the winners?" But as a matter of fact, I was at an economic council conference the other day in which a story was told that when Quebec decided to do the James Bay project, they decided they didn't want to put it up for tenders and let "Canadian Bechtel" come in and do it, because Canadian Bechtel, of course, is an American company. They wanted a local homegrown company to do it. So they found one, and it didn't have the expertise or the people either, but it made an alliance with Bechtel, got them to do the start of the project, and as they went along they kept taking over more and more of the project themselves and by the end of it pushed Bechtel out. By the time they were done, they had a company of the size and with the

expertise -- and they didn't just let it be at the end of the James Bay project. They then started going worldwide to do projects all over the world. So a government can act as a catalyst. It doesn't mean the government built that company. The entrepreneurship of those people did it, but the government backed them and gave them the right chance to do it. So a government can have a good effect, if they're prepared to do it in the right way.

So I think an economic council of Alberta would be a useful tool in taking a look at our resources, taking a look at world trading patterns, financial trading patterns, economic development and trade, and setting some directions. Then it would be up to the government to decide which, and how to administer programs that would give some direction and a sense of development to this province that it sorely lacks.

MR. MUSGREAVE: Mr. Speaker, I wanted to make a few quick comments. The hon. member mentioned the concern about the warrants, and he suggested the budget wasn't very well planned. I'd like to suggest that in schedule A it amounts to \$289 million, which, of a budget of \$10 billion, comes out to about 3 percent. So one could assume that the government is 97 percent accurate. If the opposition could ever achieve even half of that, I think they'd be doing very well.

I'd like to deal with some of the comments he made about the cutting back, for example, on health. He slides over the fact that we don't seem to be doing much about health, and yet in the appropriations there is \$26 million alone for the Alcohol and Drug Abuse Commission. In the matter of health, to the minister of health, though, a budget of \$2.308 billion, and many of the health problems are self-inflicted. We all know that alcoholism is a problem. We all know that many people eat too much, and we all know that most of us exercise too little.

ANHON. MEMBER: And smoke too much.

MR. MUSGREAVE: And, yes, smoke too much.

I'd like to mention something about the royalty holiday. He suggested that we're giving huge sums of money to the oil industry. I would suggest to you that by waiving a royalty on a new well, what you're in effect doing is creating work for geologists, in the first place, who have to determine whether or not there's any hope of drilling. There's the land it involves. It's the drillers, and then there are the pipeliners, and on and on it goes. If you didn't drill that well and find that oil, there would be no royalties available. So what you're suggesting is that we're in effect giving money away, and there's no money to be given away until...

MR. McEACHERN: Deregulation solves the problem.

MR. MUSGREAVE: Mr. Speaker, I had the courtesy to keep quiet while the hon. member was speaking. I hope he would give me the same courtesy.

Mr. Speaker, on the other issue, the hon. member said [he was] concerned about the cuts in Social Services. Yes, there were cuts, but in the overall department, there was a 17.6 percent increase. I've always noticed with the NDP in particular -- they are great at giving out always half of what the actual situation is or distorting the truth in whatever way they could. And I suppose that's fair game in debate, but I do wish that once in a while they'd give the whole picture.

Another concern I have is that they say we aren't spending

wisely and that we shouldn't be trying to reduce our expenditures. What concerns me is that 18 months ago this province had relatively little debt. We now have to concern ourselves with a deficit last year of \$3.9 billion that had to be financed. We have a deficit this year. We have the billions of dollars we loaned to the farmers. We have the \$1 billion-plus we loaned to the small business community. Now, less the money we had on hand, that represents debt that has to be serviced and has to be looked after. The important thing is that it restricts our ability in the future to get into other programs. If you don't cut that down, you're going to be in the position the federal government finds itself in, where they're very severely restricted by their ability to initiate programs that the member talked about.

On the idea of an economic council: I can see some merit in such a suggestion, but I would point out that the decisions still have to be made by the government, and I think the government is already making itself available of information and studies that are created in the community.

And diversification, Mr. Speaker, is something I'm frankly getting sick and tired of listening to and hearing about. We hear many, many of the members opposite say, "What about diversification?" Well, I suggest you go back and look at the statistics of this province. Back in 1971 we had about 1 million-plus people. Today there are over 2 million in this province. Now, they didn't arrive here by birth. They arrived here by a variety of means. And they are doing something, Mr. Speaker. They are working in a variety of industries, creating a variety of products and services, and I would suggest to you that there has been diversification too numerous to enumerate. I would, in all honesty and courtesy, ask the opposition the next time they mention diversification and the need for it, would they just give us one specific example of what they would do? Just one. That's all I ask, Mr. Speaker.

Thank you.

MR. WRIGHT: Mr. Speaker, speaking on the second reading of this Bill, on the principle of the matter, I would like to return to something I said earlier when we first dealt with the matter of the budget: that I did not think it right to criticize the government for the deficit and then criticize them for doing something about it. I still believe that. What I do criticize them for, and what we on this side criticize them for, is doing the wrong thing about it. By that, I'm not talking about the individual efforts to reduce expenses in certain areas. They may or may not be wrong in the particular areas. I'm talking about the whole thrust of the budget, and I believe it is related to the Conservative philosophy of the matter, which compares running a province to running a business. The analogy is a false one when it comes to taxation.

It's false in this respect, that if your business is losing money, you have only two ways of coping with it. Either you increase the revenue or you decrease the expenditure, or a combination of both. It is not so with the running of a province or a state, because of the presence of the taxing power. So that you may find that by decreasing expenditure you will in fact decrease your revenue even less, because the revenue comes from the tax imposed on the incomes which you are reducing by reducing expenditure. So the analogy does not hold true. I believe that this budget is a good example -- meaning a disastrous example -- of that fallacy, and it really comes down to a false basis for the whole budget.

In Alberta, as in every province or state or country, we do have to balance the budget in the long run, or else you have

inflation to balance it artificially. In this province we have had an almost unique situation of, until last year, budget surpluses, so that it should be possible to run some deficits for a number of years and still not get into trouble and at the same time, in doing that, maintain expenditures so that the level of employment can be maintained too. Instead, the government has designated a reduction of its budgetary deficits as its major economic policy. We contend, Mr. Speaker, that this policy will have the effect of further increasing unemployment rates, the level of which is the real and major economic problem facing our people.

I agree that the government of Alberta doesn't have the fiscal capacity single-handedly to spend the province out of its current very high levels of unemployment. It can't borrow enough to undertake that task. Secondly, there is a real economic burden of a lower standard of living due to higher taxes to pay the interest on the debt that would arise from the policy I advocate. However, how does it occur that provincial governments are so quick to abandon policies relating to high employment in order to reduce annual deficits when they occur? These attitudes to government deficits are based upon the ideology of common sense largely generated in the business community to which I referred. Because a housewife or businessman can't run large deficits due to a threat of personal bankruptcy, it commonsensically follows that governments can't do that either. But in fact that doesn't follow because of the difference between the two situations in terms of the taxing power.

I'm sorry if this sounds rather arid and lecturelike, Mr. Speaker. I'm sorry I can't avoid it, because we are trying to speak to the principle, and I am trying to illustrate the difference between the policy that you would call socialist and your policy. You call any policy we advocate "socialist." I don't know whether it's socialist or not. What I do know is that it's common sense, and it does follow from a careful economic appreciation of the forces involved.

Following the outlines of business ideology based on business experience, businessmen who encounter profit difficulties will adopt a business fiscal policy of laying off workers to reduce costs and restore profitability. This policy, however, cannot be directly and commonsensically related to the situation in a province. If a corner drugstore lays off workers to cut down its bottom line, no sales volume repercussions strike the drugstore, even if departed workers refuse to purchase products from their former employer. However, if a government does the same thing - makes significant cuts to its employees through layoffs -- unlike the corner drugstore, government revenues will fall as persons, directly and indirectly employed through the knock-on effect of incomes by these government layoffs, pay no income tax, and resultant direct and indirect worker layoffs will require increased government spending to provide unemployment and social welfare support.

So by laying off the workers, there's a double deficit-making effect: (a) you collect fewer taxes, and (b) you have to pay higher expenditures in unemployment insurance and welfare, of course, in the end. Therefore, every dollar cut from government expenditure does not lead to a dollar reduction in the government's deficit but may in fact be far less as the government collects less taxes than expected and is forced to increase welfare expenditures -- welfare in the widest sense: the relief of those who have lost their income.

Why do provincial -- and the current federal government, indeed, commit themselves to the ideology of balanced budgets, which during a period of unemployment would only succeed in causing more unemployment? First, as has been noted, many

persons incorrectly believe that what's true of a housewife or businessman is true of a provincial government or government of a country. And that isn't true. Deficits must, in the final analysis, lead to personal and hence, by logical extension, government bankruptcy. That isn't true either.

Secondly, it is commonsensically argued that some real economic burden will be undeservedly thrown upon unsuspecting future generations as they try and pay off the debt incurred in borrowing to maintain a high level of government expenditure, which we maintain is the correct policy at this time in Alberta. But the answer to that is as follows, Mr. Speaker. In some cases, future generations should pay for today's expenditures, since they too will benefit from current expenditures on better highways, public schools, health services, universities, and so on. But secondly, and much more important, as is true of an individual who currently finds a debt of \$5,000 a burden, but who when his income increases will happily pay \$200,000 including interest to finance an \$80,000 home, so that is true of a province or other economic unit, in that what is a burden when the gross provincial product is low is much, much less of a burden, even with the added interest, when the provincial gross national product is high.

[Mr. Musgreave in the Chair]

A very good illustration is the situation that occurred after the war in Canada, when we had a national debt of incredible proportions by the lights then prevailing. Yet it was no burden at all to pay it off, because of the great increase in prosperity after the war. There was a great increase in the real standard of living and in real dollars, and not, in fact, much of an inflationary increase either, which enabled us to cope with that very large national debt that occurred during the war. So here we say that we should be prepared to spend wisely now more than we can afford for a while in order to increase the level of employment and maintain it and, in fact, build up debt, which, however, will not build up proportionate to the amount of taxes we will get out of the exercise and which we will be in a position to repay when the price of oil covers.

Now, if individuals can borrow for legitimate and beneficial purposes and businesses can borrow for beneficial purposes with no intention of ever buying back their common stock indebtedness, for example, why must governments alone have to be tied to the hugely costly policy in terms of unemployment and the social cost of always having to balance their budget, this in spite of the fact that it, too, can borrow for many legitimate and productive purposes that will, into the bargain, help future generations of Albertans by way of education, health, and other public infrastructure?

Finally, it is necessary to note, Mr. Speaker, that when government in part succeeds in reducing its annual budgetary deficits through lower expenditures or higher taxes -- which is the endeavour here and in fact it will be what will happen -- it is merely translating a budgetary deficit into human unemployment in the public and private sectors. The real danger of too large a deficit, Mr. Speaker, on the part of government is not bankruptcy, which is the commonsensical approach this government is trying to translate into a provincial budget, but what's been called the "crowding-out effect." And by that is meant that when such a large portion of the provincial or federal expenditures are required to meet contractual interest -- payments on public debt -- it crowds out other needed expenditures, so that then the economy is in severe crisis. And of course the best ex-

ample of that is the South American states at the present time. We are absolutely nowhere near or even beginning to be near any such position in Alberta. So it is to us, Mr. Speaker, very clear that we can sustain a much higher level of deficit than the province is contemplating, with much improved results for the people of Alberta in terms of employment.

The province of Manitoba has used the same approach. They are a poorer province than us, with much less to work with. They have sustained a higher relative level of public debt. But the result has been that they have amongst the best and, until recently, the best level of employment in Canada, and it compares extremely unfavourably with the situation here. I'm not saying we copy what some other province does. I merely cite that by way of illustration to make the point.

May I make the next point, Mr. Speaker, that the crowding out, as I have termed it, now being experienced in the provincial and federal budgets is not due to past or present government overspending. The current crowding out, particularly at the federal level, is due to earlier attempts after the 1981-82 recession to balance the budget by raising taxes and cutting government expenditures. This balanced budget philosophy, stemming from the bottom-line mentality which, as I've argued, is inappropriate, has succeeded in seriously increasing unemployment and hence has eroded away the government's major tax base, namely income. The government of Alberta, from the figures we have received, Mr. Speaker, currently faces no crowding out, especially in view of that part of the Heritage Savings Trust Fund which may be considered liquid. And I won't get into an argument of just how much that is because it's very, very much a matter of definition, but it does provide a backstop to Alberta that no other province has.

It's important to note that the provincial economy that is being continually destabilized by government attempts to balance this budget does not represent good investment opportunities for business and therefore contributes to the lack of diversification, which is one of the other problems we talk about. We seem to talk about it in isolation from other problems, but really they're mostly connected.

Furthermore -- and this is of crucial importance -- a distinction should be made between active budgetary deficits sustained by governments to prevent destabilization of the province's economy, compared to passive deficits. A passive deficit occurs when high unemployment occurs, thus passively eroding away the government's tax base, producing a passive deficit. An active deficit occurs when government actively seeks to increase spending in an unemployed economy by cutting taxes or increasing government's expenditure. That is the sort of deficit we are advocating, Mr. Speaker.

Unfortunately, the presence of a passive deficit is often used as proof that deficit spending can't cure unemployment, but the fact is that such a deficit -- the deficits now being experienced in Alberta and Canada -- are caused by high levels of unemployment and require active deficits to remedy that unemployment. Contrary to conventional wisdom then, Mr. Speaker, the current deficits faced by both Alberta and the government of Canada are not due to government overspending but due to that passive erosion of the tax base. So if tomorrow morning Alberta or Canada as a whole was to miraculously find itself fully employed, the two governments would have close to a balanced budget. And our point is that the government itself should move, as the government of that other province did, actively to put people to work, even though the deficit will increase.

An active deficit occurs when government actually and ac-

tively creates a deficit through cutting taxes or increasing expenditures to produce full or high employment. We don't believe it is necessary to cut taxes in Alberta, because, as the Treasurer has repeatedly told us, we have the lowest tax regime, or close to it, in Canada anyway. But the deficit should be reduced at a much slower speed in order to stimulate employment by avoiding the layoffs which this budget inevitably will provoke.

An active deficit, as I've termed it, Mr. Speaker, thus occurs when the government actually and actively creates a deficit through cutting taxes or increasing its expenditures to produce full or high employment. This type of deficit results in greater spending in the economy and reduces unemployment, as was the case in the late '50s and '60s when active deficits were incurred under the St. Laurent and Diefenbaker governments. Full employment occurred and the federal government, as a result, ran surpluses rather than deficits, as had occurred before embarking on the active deficit program. The government makes the deficit larger in the short run by actively cutting taxes and raising its expenditures so that in the long run it may balance its budget and, indeed, run surpluses at full employment.

As I have explained, that's the theory of it, and in this province we would keep the taxes where they are and raise its expenditures. In fact, in individual cases, as my hon. friend from Edmonton Kingsway said, we would reform the taxes by arranging them differently so that the burden falls where it should. And as I say, the extra spending creates more employment and income, more taxes are collected and, simultaneously, expenditures on welfare and unemployment are cut. The current tragic situation in Canada is that early attempts during the recession of 1981-82 to balance the budget by increasing taxes and reducing government's expenditures, Mr. Speaker, succeeded only in further increasing that deficit in the passive way that I have spoken of and was equivalent in its effects on unemployment to throwing gasoline on a raging fire.

Currently, the federal government, and to some extent our provincial government, is in what one might call the passive deficit trap. That's to say, earlier attempts to balance the budget simply increased unemployment and hence the deficit to the point that governments now argue that their passive deficits are so large that they cannot now embark on active ones to cure the problems I've spoken of. As proof of this, if fiscal restraint was required to fight inflation during the late '70s, how can current provincial and federal fiscal policies of restraint be applicable when the economy is in the opposite condition of higher unemployment and little or no inflation? Now that inflation cannot be used as an excuse to reduce government expenditures, it has disappeared altogether. We should, one supposes, adopt the opposite policy without fear of upsetting the economy and causing runaway inflation by reflation the economy in the manner suggested.

[Mr. Deputy Speaker in the Chair]

Mr. Speaker, I have, you will note, stuck to the principle of the Bill without getting into details. That will come on another occasion. I apologize if in sticking to the principle I have been somewhat abstruse, but I am afraid the principles of a budget are abstruse, to a degree. But when you closely examine them, they are not so abstruse, because when you closely examine them, you realize that the Conservative approach is wrong.

To recap what I have already said, in conclusion, Mr. Speaker, it assimilates the position of a province to that of a business, and the analogy in terms of the budget is wrong, be-

cause the largest element has been left out, namely the power to tax and the result on taxation of reduction of government expenditures.

MR. DEPUTY SPEAKER: Hon. Member for Edmonton Meadowlark.

MR. MITCHELL: Thank you, Mr. Speaker. I would like to make a few comments about the principle of this Bill as well. I will be brief. Most of what has to be said has been said many, many times. Despite the fact that it has been repeated, it has not been understood, apparently, by this government. I will try one more time, in summary.

I would like to be positive in starting by saying that it is clear that this minister is the most powerful minister in his cabinet, because this is, strictly speaking, an accountant's budget. This budget is a dream come true for a chartered accountant. It is strictly a budget of balance, a budget of making debits and credits work. It bears no relationship to the reality of government, to the responsibilities of government in a time like this. Governments are here to do more than simply balance budgets. They are here also to create jobs when jobs need to be created. They are here to expand economic development possibilities when those things don't occur by themselves. And they are here to provide enlightened necessary social services at times when vulnerable people in our society require that those be provided by people who are more fortunate in our society. While the Treasurer is the most powerful minister in the government, he has, however, been selfish in his achievement with this budget. He has achieved only 25 percent, therefore, of what a government must achieve. He has worked only to balance the budget. He has forgotten the rest of the things that his government must do.

Jobs: this budget does not attack with the kind of vigour that the problem of job creation must be attacked at a time like this. In fact, the minister of career development will be spending less money on specific job-creation programs than his department did last year, despite the fact that unemployment is higher. This budget contains no aggressive attack on economic development and therefore no aggressive investment in the future. We are not going to solve the fiscal problem that his government has brought us to simply by increasing taxes. There's not enough leeway there to do it. We're not going to solve it simply by cutting costs. There is not enough leeway there to accomplish that task in that way either. The way to do it is to increase taxes -- yes, you've done some of that -- to reduce costs -- yes, you've done some of that -- and also, to invest in the future.

What we find, however, is that every conceivable avenue of developing an economy beyond the traditional way that we have done this economy, beyond the traditionally cyclical dependency that we have found in our economy, has been neglected, forgotten, reduced. The Department of Technology, Research and Telecommunications has been reduced. The Department of Tourism has been reduced. The Department of Economic Development and Trade has been reduced. A highly successful program called financial assistance to exporters: \$3.5 million allocated to it last year, \$1.6 million allocated to it this year despite the fact that it is very clear in the minister's own words that that program resulted in \$50 million worth of new business to Alberta. Twelve percent reduction in the small business division of that department. An underfunding of the market development assistance program, despite the fact that within that program we find enough money to send public servants -- not

private-sector entrepreneurs -- to trade shows in Ontario.

Social Services. I must address the comments made by the member from the government side who had spoken earlier bragging about the fact that social services have actually increased. Well, yes, they have increased, and isn't it lucky? But they've increased simply to meet demand, a demand that should be met by more adequate job-creation programs, and they have not, in almost all cases, been increased at the individual level in absolute value. In fact, they have been reduced in a tragic way, in a very, very aggressive way, in a way that I believe to be fundamentally mean-minded and fundamentally inconsistent with the views of Albertans about generosity to other people.

Mr. Speaker, this is a one-track budget. It is a shortsighted budget. Maybe it will balance the fiscal situation of this government within four years; it's very likely that it won't. And in its regression it may make the situation that we find our province in today considerably worse. Instead, our government should look beyond a shortsighted approach to balancing the budget in three or four years; assess that objective in a longer term context, perhaps six or eight years; free up \$500 million, \$600 million, \$700 million this year to promote priorities that are essential for the government at a time like this; create jobs; broaden the economic base; and provide adequate dignified social services to people who require them now.

I guess the manner in which this government has cut the budget is perhaps all that much more distressing given that it is really doing this in response to its excessive expenditure of the '70s and the '80s. We only need to look at \$65 million paid to pave the Legislature grounds to understand that money has not been spent in a responsible fashion. We only have to consider that \$75 million was spent on a 75th birthday for this province -- a neighbouring province spent \$3 million -- to understand that there was a tremendous arrogance and a sense of euphoria that this government got carried away with in expending money.

It is those kinds of examples that I believe reduce the credibility, if there were any credibility, to the manner in which this government is budgeting at this time. They're continuing to spend in ways that they don't have to spend. Perhaps one of the most glaring examples is the spate of patronage appointments. We don't have enough money to provide financial assistance to exporters, but we find enough money to hire Hugh Planche. We don't have enough money to support small business in the way that it's been supported in the past and probably should be supported now, but we do find enough money to appoint Horst Schmid. Clearly, while these gentlemen might be able to contribute, the priority must be placed on long-term programs that have been demonstrated to work. This government has to look at services to itself, at cutting those services aggressively before it goes on to cutting any other kind of investment in the future, and it should never consider reducing social services expenditure in the way that it has done.

I would like to point out some of the excesses that we have seen in the recent report, yesterday's report, from the Department of Federal and Intergovernmental Affairs on relations with Asia. It's interesting to note that the Minister of Advanced Education spent three weeks in Asia on a trip -- and this is an interesting contradiction in terms -- to renew ongoing exchange efforts. How do you renew ongoing exchange efforts? Similarly, the Member for Calgary North Hill headed up a delegation to China. How was that justified? Why would that be justified? How is government travel seen to be a regularized, well-thought-out, productive way of promoting business?

We've heard the Minister of Economic Development and



Trade state that his recent trip to the Middle East was highly successful. When asked to measure that success, he said, "Well, we've created between \$50 million and \$100 million of new business." Very interesting. There's a tremendous difference between \$50 million and \$100 million of new business, and what that says to me is that that minister does not know how much business was in fact produced as a result of those trips and will likely never know. Instead, what will be happening, he is proposing to do more international travel next year, presumably to promote export markets. On the other hand, a program which has been specifically demonstrated to do that successfully has been cut by \$1.8 million.

The third point that I would like to make with respect to this particular appropriation Bill is the fact that it makes no provision for the liability inherent in our public service pension fund. There is a \$5.5 billion unfunded pension liability. The Treasurer stood up and said, "Well, what do you want us to do: ask subscribers to the pension fund to put in more money?"

MR. DEPUTY SPEAKER: Order please.

MR. MITCHELL: . . . carefully denying the government's responsibility to have funded their portion of that pension plan. What has happened is that this government has been insistent upon spending current revenues without adequate fiscal control, and in order to do that, they neglected to put their share into the pension fund. Had that share been there, a matching share, we would have at least \$5 billion against \$7.5 billion, and we wouldn't therefore have such a tremendous unfunded liability. And much more than that, the government would have had to work with the money that it really had. Management can only be effective when it works within a context of reality. This government has spent for 15 years believing that it had unlimited resource revenue; it could have anticipated that it didn't. Oil prices go up; oil prices go down; oil prices stay the same. This government believed they would never go down.

It has also been operating under the assumption that it didn't have a \$5 billion liability for pension payments. Having done that, it has spent money that it didn't have, and therefore it has been able to spend money more frivolously and with less control and less responsibility. I believe we could have accomplished exactly what this government has accomplished over the last 15 years by spending considerably less money if we had managed effectively and if we'd had a management structure that knew what money it had to deal with in reality.

Mr. Speaker, the pension situation, mark my words, will be a millstone around this province's neck for years to come. It is not just \$5.5 billion; that's \$5.5 billion in today's present value. Over the next 20 to 25 years, over which time that liability will have to be met, it will be considerably greater, probably in the order of \$12 billion, \$15 billion, or even \$20 billion. It is very interesting to note that the Treasurer has neglected to implement the Canadian Institute of Chartered Accountants' standards, the new standards and guidelines for accounting for pension liabilities which call for a pension fund manager not just specifying present value but specifying the amount of the liability over time. In fact, he has gone one step further, and he has merely put that \$5.5 billion deficit into an obscure footnote to the province's balance sheet. No, we cannot approve this appropriation Act because it does not account for that pension liability in any responsible way.

We can also not approve this Act for another very, very significant reason: it is not clear that the appropriations contained

in the Act had adequate review. Clearly, one of the most important areas facing this government today is economic development, economic diversification. We had 55 minutes to debate the Department of Economic Development and Trade. The minister spoke for 30 minutes; the ND representative spoke for about 25 minutes; nobody else has had the opportunity to speak about Economic Development and Trade in estimates. Think about that -- think about that. That is a fundamental excess in the way this government has approached the review of its budget. It's unacceptable, and no responsible member on either side of this House can possibly approve a Bill that is premised upon a debate of estimates that allowed 55 minutes for the Department of Economic Development and Trade. Twenty-five days are not enough . . .

MR. DEPUTY SPEAKER: Hon. member. The Chair hesitates to interrupt the hon. member. As the hon. member well knows, the Bill before this House today will be going to committee stage, where every member of the committee will have an opportunity to speak as often as they wish to any portion of the Bill. The Chair reminded hon. members earlier that this business of discussing Bills in principle was not a matter of discussing the rules of this House. They are to be dealt with at a later time by people other than this Chair. Would the hon. member therefore come back to the context of Bill 38.

MR. MITCHELL: Thank you, Mr. Speaker. I appreciate your point. I would simply like to say that it is imperative that we feel some assurance that there is an adequate review process before we can possibly approve a Bill of this nature. I accept your point. Twenty-five days have been raised before; public accounts have been raised before. We will not get to review these departments retroactively . . .

MR. YOUNG: Mr. Speaker, on a point of order. *Beauchesne* in section 313 is quite clear that:

A Member may not speak against or reflect upon any determination of the House, unless he intends to conclude with a motion for rescinding it.

Now, the member is reflecting upon the rules of the House, the rules of the Whole Assembly that were put in place by all members of the Assembly, and the member knows from the rules what course of action to take in the event that he disagrees with them. It is quite improper to be proceeding in the manner, and reflecting in the manner, that is currently being done.

MR. McEACHERN: Another point of order. You know, the point of order keeps being made whenever we talk about the rules of the House, and you yourself just said that we will get our chance to debate that. My question is: when? We keep talking about these rules of order being in the way, and any time we mention them, people say that we can't talk about that. When are we going to get a debate on the rules of order of this House?

MR. DEPUTY SPEAKER: Hon. member, there is ample opportunity for any member of this Assembly to put any motion they wish on the Order Paper. The Chair would simply offer the view that that's generally a matter between House leaders within this Assembly. The Chair would certainly uphold the view of the Deputy Government House Leader in that any matter that's being settled before this House cannot then be spoken of in a negative way. The hon. Deputy Government House Leader, of

course, is referring to estimates of this Assembly that were dealt with on Wednesday.

Hon. Member for Edmonton Meadowlark.

MR. MITCHELL: Thank you, Mr. Speaker. At the time that I was interrupted, I was referring to the Public Accounts Committee, which is not, I understand, provided for; its means are not provided for in the Standing Orders. It will debate probably four or five departments' expenditures for last year, the departments included in Bill 38. If we debate four of them, there will still be 21 left that will never get reviewed by the Public Accounts Committee. You can't manage if you can't review, you can't manage if you can't measure, and this government should be allowing Public Accounts to sit between sessions.

Tendering procedures are fundamental to the expenditure, to the confidence that we can have in the way the government will spend money under this budget, under Bill 38. I look at the department of public works, and we have no confidence that there are adequate tendering procedures and that even the tendering procedures that are in place are being implemented properly and correctly. Olympia & York is a classic example. That is one that we know; one wonders very seriously about the ones we don't know about. It's been brought to my attention by people in the electronics communication industry that on two occasions, at least, tenders have gone to tenderers that submitted their bond and their tender after the deadline -- the date, the time of 2 o'clock in the afternoon -- that the tenders were supposed to be there. Those kinds of infractions do not instill confidence in the management and fiscal responsibility of this government, and until those kinds of processes are in place, no responsible representative of the people of Alberta could vote in favour of this particular Bill.

Mr. Speaker, this is a very shortsighted budget. It is a one-track budget. It is a bookkeeper's and accountant's budget that does not contend with the other responsibilities of government. It is a budget that categorically excludes consideration of a \$5.5 billion pension fund liability that the people of this province will have to contend with over the next 20 to 30 years. It is an expenditure budget that is premised upon inadequate preliminary review and inadequate provisions for after-the-fact review. It is a budget that is premised upon inadequate tendering procedures and, therefore, expenditure controls.

Mr. Speaker, I and my caucus will not support Bill 38.

MR. FOX: Mr. Speaker, I rise to speak on second reading of Bill 38, the Appropriation Act, 1987. I understand from the ruling presented to us that it's not proper for members of the Assembly to refer to rules that have been made, regardless of what we think of them. And I'm not sure how it is that a member can get around this and speak in a meaningful way to this Act, because we are being asked to approve the principle of this Bill; in other words, endorse the expenditures outlined herein. I'd be more than willing to do that, except I haven't had adequate time to consider them, and that's the basis on which I am unable to say that I support the principles of Bill 38 as presented.

There simply hasn't been enough time to discuss it, and it may well be that when there were two members in opposition, there was sufficient time. We now have 22 members in opposition that represent the electoral will of 49 percent of the people of the province of Alberta, and there simply needs to be . . . [interjections] Forty-nine percent of the people who voted in the last election voted for members other than the ruling party in this province, and that ought to be taken note of at some point in

the way we structure our considerations.

I would feel guilty, Mr. Speaker, if I were to rise and criticize the decisions the government's making in terms of how our dollars be expended and criticize the decisions the government has made about how revenues ought to be generated if we didn't suggest some alternatives. If our criticisms were made in a vacuum, then I would feel guilty, but we have on many occasions -- and the government's never taken note of it -- offered ample positive, constructive suggestions about how we ought to cope with the problems before us.

The \$3.3 billion deficit, Mr. Speaker. It's a serious problem and one that we've done our very best to take note of and try and come to grips with. We've presented documents that proposed alternatives for generating revenue and alternatives for cutting expenditures, so it's with that mind that I feel confident and comfortable in rising to criticize the principles of this Bill, because there's no doubt that money is being spent.

The Member for Calgary McKnight likes to refer to how much money is being spent. There's no doubt about that. The question is: is the money being well spent? And I don't think it is, in a lot of cases. I've stood up in this Assembly in some of the limited opportunities to discuss these estimates, and I've supported the government on some of their expenditure plans. I've done that; I've recognized that there are some good proposals in here. There are some meaningful things that are being funded and moneys are being allocated in some positive ways, but there are some serious deficiencies in this, and we ought to consider that. It's not a matter of how much is being spent, it's how it's being spent.

The hon. Member for Calgary McKnight also made reference to how upset he was to hear us talking about diversification in this economy. That is a consideration that's intrinsic to consideration of the principles of Bill 38, because it's simply because of a lack of diversification that we're in the mess we're in today. It was the leader of his party, the Premier of this province, who said in I believe 1974 that we have at best 10 years within which to diversify our economy in a meaningful way or we'll pay the price. It hasn't happened, and we're paying the price: a \$3.3 billion deficit.

MR. MUSGREAVE: A point of order, Mr. Speaker.

I did mention in my remarks that the point I made was that there must have been diversification, because we have a million more people that are working here than in 1971.

MR. DEPUTY SPEAKER: Well, that's a matter of debate. Vegreville.

MR. FOX: A point of clarification. Simply because the population is growing doesn't mean that we have diversification. What we in fact have is an economy that is more dependent than ever on nonrenewable resource revenue. That's a shame, and that's why we're in the mess we are today. And it's not sufficient for the government, this government who has for many years patted itself on the back and taken credit for everything that's happened, to now turn and say, "Hey, we've got a deficit; it's got nothing to do with us; it's international conditions; what can we do?" and then turn around and direct their spending cuts at the defenceless in our society and try and raise an additional billion dollars of revenue from the taxpayers of this province.

This government has a responsibility and has to accept that responsibility, and it goes back not only to the lack of diversification but to the signing of the famous Western Accord.

Who can forget that famous day? Brighter days ahead when a Tory energy minister from Alberta and a Tory energy minister from Ottawa get together and sign this meaningful new agreement. And it was the Leader of the Official Opposition who at that time stood up and said: "This is probably a good agreement, Mr. Speaker, but I worry about the implications of it. What would happen if we, in our frenzy to get an agreement to go to the world price, find that the world price starts to drop? What would happen?" He was called a doom-and-gloomer. He was called names. No doubt the Member for Calgary McCall had some choice names to call him when he suggested that the price of oil might fall and then this agreement might not look so good.

What's happened, Mr. Speaker? It's no joy to us that the price of oil has fallen; it's meant hard times for everyone in Alberta. But it showed the inadequacy of that agreement, the shortsightedness of the government who got us into that agreement, and the people of Alberta are paying the price. Because of that, we're presented with this thoroughly inadequate, mean-minded, and insufficient budget to tackle this serious problem. We have to look very carefully. Really, governments make two types of decisions: who are we going to collect money from, and who are we going to give it to? And it's on those two basic areas that we in this Assembly have debate.

We've looked so many times, Mr. Speaker, in so many ways at the alternatives for generating revenue in this province of ours, and I submit that as much as the government has seen the merit to the ideas -- I've heard the hon. Premier and the Minister of Energy come ever so close to admitting that there might be some merit to our ideas for a floor price for oil, but they're not willing to come out and admit it or endorse it because it's our idea, and that's a shame. That's a shame that ideology from the Conservative benches continues to triumph over common sense to the disservice of the taxpaying...

MR. JOHNSTON: What's the price of oil today?

MR. FOX: I'm not sure; I haven't bought a quart. The price of oil may have risen sufficiently, you know, but it's fickle, Mr. Minister. It's fickle. We have no influence over that. We stand by as helpless victims with the engine of our economy tied so intrinsically to the price of oil that's set by other people, other places. And here we are, innocent victims, holding our hands up and saying that we can't do anything about it. Well, that's poppycock, Mr. Minister. We can do something about it. If this government had the will to stand up to the multinational oil companies who fund their campaigns and say, "We're not prepared to take this sort of guff; we're not prepared to stand by and see the province of Alberta bankrupted by your greed for profit; we're going to stick up for the people of Alberta and try and secure a fair price for our natural resources before they're all gone," then we wouldn't be in the mess we're in today, Mr. Speaker. [interjections] Like who? It was this government, Mr. Speaker, with respect, who all through the '70s took credit for two things that they had absolutely nothing to do with: the fact that there's oil...

MR. DEPUTY SPEAKER: Hon. member, the Chair finds the hon. member's comments extremely enlightening. However, it's somewhat difficult to rationalize with the principle of Bill 38, which is an expenditure Bill. There are three sections to that Bill, spelled forward very clearly, and the Chair would appreciate if hon. members would address that Bill in the principle of

the Bill and not the history of the province of Alberta and its oil revenues.

MR. FOX: With respect, Mr. Speaker, I'm trying to outline what to me is the principle of this Bill, and that is that we as an Assembly ought to endorse the plans for expenditures of this government. And I'm merely trying to point out that, you know, we're not in this mess today by some accident, some freak of nature, that there is some history, and it's not sufficient to take credit for things in the good times and not be prepared to shoulder some of the blame for things in the bad times. And that's the context within which I offer these comments, because I think we're being asked to approve the expenditures of nearly \$10 billion, Mr. Speaker, and I'd be more than prepared to offer my support to that if I had confidence in the decisions that were made, if I knew that each and every minister of this Crown had gone through their department very carefully and decided what their priorities ought to be with the best interest to the tax-paying people of Alberta in mind. I don't have that confidence, however, Mr. Speaker, so I need to stand up and express the concerns I have about this Bill.

[Mr. Speaker in the Chair]

I realize that in the committee stage we'll perhaps be afforded the opportunity, if it ever comes back, to discuss the votes in a little more detail, and perhaps the government would be open to some changes there. Because it is not sufficient, for example, to point to the fact that we're spending more money on social services. That's true; more money is being spent on social services because there are more people who require the help. In fact, we're spending less on many of the people who require that help, and that's nothing to brag about. It's nothing to brag about the fact that we're spending more on social services when you realize that the reason is more people need it. I think that's something to be ashamed of. I think we should be ashamed of the fact that our economy is in such a mess and the people in charge of the economy seem to feel so helpless in terms of trying to influence that that we've got an ever-increasing number of Albertans that are forced to seek assistance of one sort or another.

The rosy times have not arrived, and I submit that it is because this government has failed to recognize that or failed to admit it that we're in the mess we're in today. I remember comments made in the past about how "We've turned the corner; I get positive economic news every day." I'm quoting former Treasurers and former Premiers.

AN HON. MEMBER: Former bankers.

MR. FOX: Former bankers. But it's that failure to admit when mistakes have been made and that inability to recognize that we're in some serious difficulty that has led us to this problem. A \$3.3 billion deficit in only one year of spending: that's unimaginable. I think the government has to take some responsibility. It has to decide what it is we can do to generate some more revenue. "Well, let's go out and tax people more," says the Treasurer. "We're not going to tax small business through our plans; we're going to leave them alone." But we're going to take -- he doesn't admit this -- some \$1,300 of purchasing power out of each and every family in this province. What's the effect of that on small business? It's liable to bankrupt many of them because they won't have the revenue that they need to

keep operating. I submit that if we make decisions like this government does to keep taking money away from the middle-class working people of this province and try and give it back to the players at the upper end of the economy, we're going to end up in even rougher shape than we are today.

The Conservative economic fallacy is starting to really come to bear on the people of this province and hurt us immeasurably. The trickle-down theory that somehow if we recapture funds from working people and charge them for everything they do and give that money in the form of incentives to big business and big industry, the benefits of that ought to trickle down: I think that's a unfortunate attitude. I think we need to examine the spending priorities of the government and the plans they have to generate revenue, because it's going to get us into an even bigger mess, Mr. Speaker.

The principle of this Bill is offensive to me in many ways. While I've said early on that I endorse the spending decisions in some of the areas -- some of these votes are benevolent, useful, helpful, and productive -- there are some of them that clearly aren't. We'll have the chance to get into that a little more as we see this Bill through the House in the committee stage, but I think I want to express in the strongest possible terms my objections to the fact that we've not had sufficient opportunity to scrutinize these expenditures on behalf of the people who elected us to this Assembly. [interjection] We've not had that opportunity. You haven't had it either, Member for Stony Plain, and you haven't been able to do your job.

With that in mind, I end my comments for this time.

MR. SPEAKER: The Member for Banff-Cochrane, followed by Edmonton Avonmore, if there is time.

MR. STEVENS: Mr. Speaker, after listening to the remarks from Edmonton Kingsway, I was just going to mention that without getting into rules, it would be useful perhaps if that member read them. And now hearing the hypocritical, self-serving, smooth-talking medicine man from Vegreville, I had to get onto my feet.

This Bill and this budget, for the first time in a Canadian democracy, reduce the size of the public service dramatically, much more so than over the past four or five years, by some 6 percent, and very few of those employees have been directly affected. They have been relocated, retrained, or have in fact found programs in early retirement to reduce the size of our civil service very effectively and very humanely.

The reduction in spending overall: over 6 percent reduction in government spending, the first time, and that doesn't mean at the expense of education or health or social services. Many of those programs, in fact, have increases to help those in need.

Capping the heritage fund: a very difficult decision. The member recently said that this government cannot look back and review what it has done. A very difficult decision to cap the heritage fund. Some in this country believe the heritage fund is the target of envy. It's the bastion of our strength. That heritage fund is giving us this year \$1.3 billion of interest income, \$1.3 billion in this total budget. That means the equivalent of a 7 to 9 percent sales tax that we don't need because we have all of that.

We have introduced temporary taxes; it's true. Much of that, as the Treasurer has indicated in presenting his program, depends greatly on our commodities and our oil prices. Still, we have the lowest tax regime in Canada, and we have maintained our levels of services. Yes, we've increased personal responsibility through increased fees in some cases, increasing user

fees or fees for services for those who need those services, whether it's in the corporate registry or wherever. We have a four-year plan to reduce this deficit. All Albertans are involved in this deficit reduction plan.

I have raised with the Provincial Treasurer some concerns that I have, and all of us have this opportunity as we get into the committee stage. I'm sure he will give consideration to those, whether they're in the area of the tourism/hotel industry accommodation tax or in the areas of concern of health reductions, because we haven't been able to hold all health programs at 97 percent of last year. AADAC, for example, has a 9 percent reduction. But it's interesting to note that when the commission received a 9 percent reduction, as other departments of government have received anywhere from 97 percent of last year, a 3 percent reduction, or right up to a 30 percent reduction, those managers sat down and all of the staff and all of the board members and developed new strategies and in fact were able to cope with these adjustments.

So, Mr. Speaker, I'm very supportive of Bill 38 and felt that I should provide some very positive remarks, because the people that I represent have said to me, whether I'm at town hall meetings or in letters: "We need to know why. Now we understand why, and we're with you."

MS LAING: Mr. Speaker, I'd like to speak against this Bill and bring to you the issues and the concerns that have been raised by the people with whom I have spoken. Those are constituents of mine, in town hall meetings, in letters, through surveys, and in the letters that I have received from across the province.

The principle of this Bill does not look at deficits other than dollars-and-cents deficits. It ignores the deficits in human terms that a focus on the dollars-and-cents deficit creates; that is, it does not look at the deficit in terms of the kind of education people will receive that is necessary to take them into the next century. It does not look at the deficits that will be created when people who have expertise, who have been trained in this province, who have skills that we well need for the re-creation of our society leave this province because there are no jobs, because they have lost jobs, because there are no opportunities for them, because their morale is low because they see their co-workers losing jobs. They see the lack of job security, so they are taken away, and we lose the benefit of their training, their experience, their skill. We hear of the cuts to the civil service, no people being out of work, but I would suggest that the hon. Member for Banff-Cochrane has not looked at all the people in nonpermanent jobs that are no longer working.

We have to look at the deficits in health care and hospitals, those cuts, the cuts in social services. Critical areas in social services have suffered a severe cut in support, and that includes the counseling and support services that will be required to deal with the distress generated by the cuts in other areas. Certainly we would note that there has been an increase in social service funding, because in fact there is a great increase in demand for social assistance because of the economic downturn in this economy, and that doesn't answer any questions. We see, however, that there have been severe cuts to social assistance allowances to unemployed employables and really minimal increases to other social assistance recipients that would hardly keep up with the cost of living. This kind of smoke screen hides the real distress that has been created by the cuts in this department by saying that there has been an increase. We have to be addressing the distress that is created.

Too often the effects of the cuts in this budget have been

shifted from the provincial government to local governments, school boards, municipalities and, in some cases, to schools themselves and to individuals, especially in the area of social services, where we hear somewhat callous remarks about people receiving social assistance and about the effects of receiving social assistance, such that it causes a deterioration in initiative and that people will rip off the system if it's made too easy for them. I would respectfully suggest to this government that people lose hope and initiative when they are undernourished and inadequately clothed and sheltered and educated and when they see no viable alternatives. There is no real way for them to escape the welfare trap they find themselves in. And all of the rhetoric to the contrary, I would say, misses the point of what is happening to people who are on social assistance and misses the point of the real experience of their lives. What we see increasingly are roadblocks put in front of people who are trying to escape the welfare trap, and I would suggest that some of the conclusions that we hear articulated in this Assembly about social assistance recipients come from academics from the right-wing think tank that we hear about and are not based on any real experience in the real world.

Freud, nearly a hundred years ago, said that people had two basic drives: one was to love and the other was to work and contribute in a meaningful way to society. It seems that this government would hold some other theory; who knows where they drew it from. I think we have to look at the cuts in education because they lay the foundation for our future. We cannot afford the cuts in the face of an increasing information explosion, increasing technology, increasing complexity in human relationships, and an increasing in this day and age of mainstreaming of special needs children.

MR. SPEAKER: Order. Thank you, hon. member for giving way. Standing Order 61(3) comes into effect:

If any appropriation Bill has been moved for second reading on any day, Mr. Speaker shall interrupt the proceedings 15 minutes before the normal adjournment hour, and put the question on every appropriation Bill then standing on the Order Paper for second reading, which shall be decided without debate or amendment. Those in favour of second reading of Bill 38.

SOME HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

MR. SPEAKER: The motion carries.

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

[Eight minutes having elapsed, the House divided]

For the motion:

Adair	Elliott	Orman
Bradley	Elzinga	Osterman
Brassard	Fischer	Reid
Campbell	Getty	Shrake
Cherry	Heron	Stevens
Clegg	Johnston	Stewart
Crawford	Mirosh	West
Dinning	Moore, R.	Young
Downey	Musgreave	Zarusky
Drobot	Nelson	

Against the motion:

Barrett	Martin	Sigurdson
Chumir	McEachern	Strong
Fox	Mitchell	Taylor
Hewes	Mjolsness	Wright
Laing	Roberts	Younie

Totals:	Ayes - 29	Noes - 15
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[Bill 38 read a second time]

MR. CRAWFORD: Mr. Speaker, given the fact that Monday is Victoria Day, I now move the Assembly adjourn until Tuesday next at 2:30 p.m.

MR. SPEAKER: The Chair very much appreciates the strong emphasis on the word "Tuesday".

[At 12:57 p.m. the House adjourned to Tuesday at 2:30 p.m.]

