

**LEGISLATIVE ASSEMBLY OF ALBERTA**

[Leave granted; Bill 249 read a first time]

Title: **Monday, August 14, 1989 2:30 p.m.**  
 Date: 89/08/14

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

[Mr. Speaker in the Chair]

**PRAYERS**

MR. SPEAKER: Let us pray.

At the beginning of this week we ask You, Father, to renew and strengthen in us the awareness of our duty and privilege as members of this Assembly.

We ask You also in Your divine providence to bless and protect the Assembly and the province we are elected to serve.

Amen.

**head: INTRODUCTION OF VISITORS**

MR. HORSMAN: Mr. Speaker, I'm pleased to introduce to you and through you to members of the Assembly His Excellency Mr. Joseph Tomusange, the high commissioner of Uganda, east Africa. We are all aware of the tragic circumstances the nation of Uganda has had to endure starting over a decade and a half ago. It was therefore a special pleasure to have met the high commissioner earlier today and now to introduce him to the Assembly. In 1986 the current government of President Museveni was established out of a national resistance movement of which the high commissioner was secretary and treasurer of the central fund. Since then we have noted the impressive efforts of the government to rebuild the nation of Uganda.

In order to express our welcome to His Excellency and to add our encouragement to the efforts ongoing in his home country, I would ask His Excellency to stand, as he is now, in your gallery and to receive the recognition of this Assembly.

MR. SPEAKER: The Member for Edmonton-Meadowlark.

**head: PRESENTING PETITIONS**

MR. MITCHELL: Thank you, Mr. Speaker. I rise to present to the Legislative Assembly a petition, signed by more than 1,000 people, calling for the government to deny approval to the regional sanitary landfill proposed for the Pine Lake area, owing to the possible danger of permanently damaging this natural resource.

**head: INTRODUCTION OF BILLS****Bill 249****An Act to Amend****Certain Statutes on Marital Status**

MS M. LAING: Mr. Speaker, I beg leave to introduce Bill 249, An Act to Amend Certain Statutes on Marital Status. This Bill is designed to amend a number of Acts, 10 in number, to remove provisions which discriminate on the basis of marital status as well as to broaden the definition of the word "spouse."

**head: TABLING RETURNS AND REPORTS**

MR. TRYNCHY: Mr. Speaker, it's my pleasure to table the annual report of Alberta Occupational Health and Safety Council.

**head: INTRODUCTION OF SPECIAL GUESTS**

MR. SPEAKER: The Member for Calgary-Mountain View, followed by the Member for Edmonton-Whitemud.

MR. HAWKESWORTH: Thank you, Mr. Speaker. It's my pleasure to be able to introduce to you and through you to all the Members of the Legislative Assembly this afternoon some special guests who are seated in the public gallery: Mr. Toni Galano and his wife, Mrs. Carmela Galano, who are visiting us from Prato, Italy, near Florence. They are accompanied this afternoon by Ralph Grossi, Michelina Sangregorio, and Filomena Sangregorio, all from Calgary. I'd ask all hon. members to give them a warm Alberta welcome. Thank you.

MR. SPEAKER: Edmonton-Whitemud.

MR. WICKMAN: Thank you, Mr. Speaker. To you and through you it's my pleasure to introduce to Members of the Legislative Assembly Mr. Andy Stone. Mr. Stone is the executive director of Freedom tours. Freedom tours is a concept that has opened a whole new world for physically disabled persons, allowing them to participate in activities related to the wilderness. Some of you will be hearing from Mr. Stone again, the Minister of Recreation and Parks, for example. I ask all of you to join with me in welcoming Mr. Andy Stone to the Legislative Assembly, if he would stand.

MR. MITCHELL: Mr. Speaker, it's my pleasure to introduce to you and through you to the Members of the Legislative Assembly five people who are here today in support of the petition that I presented earlier. They are Dorothy Schalin, Bill Scott, Pearl Scott, Cecil Brook, and Gail McDonald. I would ask that they rise in the gallery and receive the welcome of the members of the Legislature.

MS MJOLNESS: Mr. Speaker, it is my pleasure today to introduce to you and to members of the Assembly three constituents from Edmonton-Calder, Bob and Sarah and John Wallace, who are the parents of Catherine Wallace, one of our pages. Accompanying them today are Catherine's grandmother, Naomi Williamson, from Odessa, Texas, and another grandmother, Dorothy Wallace, from Calgary, Alberta, and Mary Lou Cushman from Kent, Washington. They are seated in the public gallery, and I would ask that they rise and receive the warm welcome of the Assembly.

**head: ORAL QUESTION PERIOD****Federal Sales Tax**

MR. MARTIN: Mr. Speaker, to the Premier. The Premier's good friend Brian Mulroney came to visit him this weekend and left Alberta calling our concerns about his 9 percent sales tax

"absolute nonsense." Obviously the Premier is back at it again, supposedly fighting for Alberta and being just as ineffective as he's been on every other issue. But given his past record, it is probably hard for the Premier to be convincing on this issue, because the sales tax is so closely linked with the Mulroney trade deal, the deal that our Premier spent our tax money promoting. Remember the rhetoric? All by itself the deal was going to make our exporters so competitive that they would take on the world. Now the story has changed; the deal alone won't be enough. The federal government obviously feels the exporting companies need another break, paid for out of the pockets of ordinary Canadians. Was the Premier not aware that the federal government planned to make us all pay this sales tax so that the exporters could deal with the effects of the Mulroney trade agreement?

MR. GETTY: Mr. Speaker, it's remarkable that the hon. leader and whoever researches his questions for him can so consistently come up with such a false set of facts before he places the question. It's really been something that's probably been the standout of the questions that they've asked in this session.

I only say, Mr. Speaker, that, yes, I did meet with the Prime Minister on a broad range of federal/provincial issues, and the Prime Minister left, I know, feeling and knowing very clearly Alberta's position regarding the goods and services tax and that we do not like it; we will not support it. He has a good appreciation of Alberta's position.

MR. MARTIN: Well, Mr. Speaker, the point I want to make to the Premier: has the Premier not put two and two together and recognized that the Mulroney trade agreement and the sales tax go hand in hand? That's the point. Isn't he aware of that?

MR. GETTY: Mr. Speaker, the hon. member couldn't be further from the truth.

MR. MARTIN: Mr. Speaker, one of the things Mr. Mulroney said back in May was that there'd be dire consequences for those people who were against his goods and services tax, especially the Premiers. Did the Premier ask him what the consequences would be for Alberta, and what are they?

MR. GETTY: Mr. Speaker, there's no question that on the matter of the goods and services tax we agreed to disagree. The federal government has put forward a technical paper, as they describe it, in which they request input from people. Obviously as a government we will be providing them not just the feelings I expressed to the Prime Minister on Saturday but through our Provincial Treasurer and other parts of our government, inter-governmental affairs, we will be making sure the federal government is very clear on where Alberta stands regarding the goods and services tax. I also want to point out to the hon. Leader of the Opposition that there was one government and one Premier that was opposed to the sales tax, and we now have universally probably the entire spectrum of governments -- some possible support I understand in Saskatchewan for the sales tax, but generally across this country other Premiers and other governments have now followed Alberta's point of view and are strongly against the sales tax.

### Removal of Oats from Canadian Wheat Board

MR. MARTIN: Where were they during the federal election?

Mr. Speaker, I'd like to address my question to the Minister of Agriculture. We have some more victims of the Mulroney trade agreement. In response to the free trade agreement the Mulroney government moved ahead quickly with their plans to privatize the Canadian Wheat Board and tear down an important western Canadian institution by removing oats from the board's jurisdiction effective August 1. Now, this decision was made without consulting the prairie pools, farm organizations like Unifarm, the National Farmers Union, or even the democratically elected Canadian Wheat Board advisory committee. The government of Alberta clearly supported this move and joined with the private grain companies like Cargill to encourage the Mulroney government to remove oats from the Canadian Wheat Board. My question to the Minister of Agriculture. Given that the Conservatives' own polling firm, Decima Research, found in an April 1989 survey that 55 percent of Alberta's grain producers opposed the decision to remove oats from the Canadian Wheat Board, why was the government willing to put the interests of the private grain trade ahead of the wishes of Alberta producers?

MR. ISLEY: Mr. Speaker, at no point in time was the government of Alberta prepared to put the interests of the private grain companies head of the interests of the producers. The very reason we supported the removal of oats from under the Canadian Wheat Board was because of the demands of the oat producers. I have yet to run into oat producers in this province who have been lobbying to keep it under the Canadian Wheat Board.

I would again stress in this Legislature that we are not and I'm sure our federal counterparts are not attempting to dismantle the Canadian Wheat Board. The Canadian Wheat Board does an excellent job in the export of wheat; it does a reasonably good job in the export of barley. It has never played a significant role in the export of oats in all the years it had them under its control. So I would reiterate our support for the Canadian Wheat Board in those areas where it has performed well for the western Canadian producer.

MR. MARTIN: Mr. Speaker, the minister talks nonsense. I pointed out the poll about the producers. They didn't consult with the pools. They didn't consult with the advisory council from the Wheat Board. They didn't consult with Unifarm. I don't know who he was talking to.

Mr. Speaker, the question to the minister. As a result of this brilliant policy, on August 1 the price of oats dropped from the Wheat Board price of \$2.18 per bushel to \$1.20 per bushel, a drop of almost a half. How can he justify this drop to the producers of Alberta because of their policies?

MR. ISLEY: Mr. Speaker, any nonsense I'm hearing is coming from the opposite side of the House. I think the hon. member should know that every year the price of Canadian Wheat Board grain is set and that that is a guaranteed price and the initial price. The final price for a product will be determined this year, as any other year, by the world marketplace.

MR. MARTIN: Mr. Speaker, that's absolute nonsense. The price has gone from \$2.18 to \$1.20. Will the minister acknow-

ledge this, and how can he, again, justify this to Alberta producers?

MR. ISLEY: Mr. Speaker, what I just indicated is not absolute nonsense. Maybe what we should do following question period is have the hon. Leader of the Opposition meet with the Minister of Agriculture to gain a bit of an understanding of how grain is priced, the role the Canadian Wheat Board plays, and maybe we could teach him a few other things about the most important industry in this province.

#### **Authority for Regulating AGT**

MR. DECORE: Mr. Speaker, the Supreme Court of Canada has created a regulatory vacuum in Alberta with its decision today that the Public Utilities Board cannot regulate AGT because, as the court found, telecommunications is a federal responsibility. AGT has not been exactly fair and reasonable in its dealings with Albertans, notably in fleecing Edmonton Tel out of fair long-distance toll revenue and by overcharging all Albertans to the extent of up to \$90 million, 1.5 million users. I might add that the direction for refund was ordered by the Public Utilities Board in that regard. My question to the minister responsible for telephones is this: now that the court has ruled that the PUB has no jurisdiction to regulate AGT because it is a federal responsibility, will the minister immediately call for new legislation to put in place a regulator to deal with AGT?

MR. STEWART: Mr. Speaker, the decision of the Supreme Court to which the hon. member refers is indeed a very, very important one from the standpoint of telecommunications policy in this province. The situation is that PUB, yes, does not have jurisdiction, and indeed CRTC does not have jurisdiction at the present time. So it remains a government prerogative in respect to the Crown ownership of AGT, and part of that management prerogative would be from our standpoint to ensure that everything that is there in place by way of tariffs, agreements with ET, ILS, extended flat rate calling, all those things that are so important to the people of Alberta, will remain and be there intact. We have that authority by virtue of the Supreme Court decision.

As to a new regulator, to establish any legislation through this House that deals with the regulation of what is now termed to be a federal undertaking would in all likelihood be ultra vires. Mr. Speaker, it's a very complex decision, over a hundred pages long, and we are going to take the time in order to ensure that we study it and see all of the fallout from that particular decision, because while AGT has technically won the particular case and was successful in the decision, there are a number of issues that are up in the air. We met this morning with officials of ET, along with AGT. We have formed a task force in order to thoroughly research all of the implications of this decision.

MR. DECORE: Well, Mr. Minister, I wonder if I could ask you this: given that AGT was forced by the Public Utilities Board to return moneys that they overcharged Albertans, would the minister be prepared to put into place some kind of review mechanism to ensure that this monopoly doesn't abuse Albertans in overcharging them during this interim while we're waiting for this to be sorted out?

MR. STEWART: Mr. Speaker, I take great exception to the

particular context within which the hon. leader frames his question. I think that the people of Alberta have been very well served by Alberta Government Telephones and indeed ET in the city of Edmonton. It would be our intention to ensure that Albertans will continue to receive quality service at reasonable rates in the years to come. The context within which that will happen and the regulatory authority is something that will have to be determined in the light of this new decision.

MR. DECORE: Mr. Speaker, my last question to the minister is: given that the AGT/ET dispute had established a mechanism, a special telecommunications tribunal as part of the PUB, what now will be the mechanism to resolve the difficulties, if any arise, between ET and AGT?

MR. STEWART: Mr. Speaker, it would be our intention that all of the Public Utilities Board orders that are currently in place, whether they be with respect to tariffs, whether they be with respect to the arbitration award, whether they be with respect to individual line service, or whatever, will remain intact with no variation. So as a direct result of this particular decision the people of Alberta will be unaffected as of this point. We, however, do know that the court has indicated and in fact left it open for the Parliament of Canada to make some moves legislatively in this area. We have been in touch with Mr. Masse and have received his assurances that no steps will be taken by way of any legislation until the provinces have had full opportunity for consulting on this important matter.

MR. SPEAKER: Red Deer-North, followed by Edmonton-Kingsway, then Edmonton-Meadowlark.

#### **Premier's Meeting with Prime Minister**

MR. DAY: Thank you, Mr. Speaker. My questions are to the Premier. It's a matter of statistical fact that Alberta's economy is continuing to grow and to strengthen. However, we do recognize that certain federal policies can have a negative effect on our own growth here in Alberta. I'm wondering in the meetings with the Prime Minister if the Premier was able to hit on any of the common ground that can serve to continue to see our economy grow as far as related to federal policies.

MR. GETTY: Well, Mr. Speaker, in my discussions with the Prime Minister, which by the way were -- I'm pleased to advise the House it was a very positive meeting because we were able to cover, as I said earlier to the Leader of the Opposition, a broad range of federal/provincial issues. On many of them we were able to come to very positive agreement; for instance, in the matter of agriculture, the federal government's continued commitment to work with the Alberta government in strengthening agriculture in this province and rural Alberta. The matter of crop insurance: a commitment to working towards a much better crop insurance program, something that the people of Alberta feel very strongly about.

Also, in the area of environmental concerns, the Prime Minister agreed with me that the province and the federal government must work in close co-operation and that we should strive for an agreement, as we have had in the past. I think the principles are in place to have such an agreement whereby we can have the federal government's environmental concerns and responsibilities closely meshed with the provincial environmen-

tal concerns and responsibilities so that there's no duplication of efforts and no problems with both levels of government taking extra time or in conflict with each other in dealing with something as important as the environment.

Also, we were able to agree on certain matters in relation to native affairs. I expressed to the Prime Minister our concern about the length of time the Lubicon Band negotiations have taken. He's asked me to provide him with some additional information regarding that Lubicon Band negotiation, and I will be doing that shortly.

There was also a very strong commitment to continued diversification of the economy in western Canada and working together to build that diversification. We were able to agree that there was a strong sense of confidence and investment flowing across Canada and particularly in Alberta. Then all members will be pleased to know that we were able to again reaffirm support for the huge OSLO project in Fort McMurray and for the heavy oil Upgrader in Lloydminster.

So it was a very positive meeting, although there were some areas in which we did disagree.

MR. DAY: Well, Mr. Speaker, we're pleased to hear about the common ground. I wonder, though, if the Prime Minister indicated at all that on any of these areas of agreement we might see a lessening of federal co-operation in light of the Premier leading the other provinces in the opposition to the goods and sales tax. Are we in any danger there?

MR. GETTY: Well, Mr. Speaker, there were several areas in which we were unable to come to an agreement, and one of course was the area of sales tax, and I've expressed that to the Leader of the Opposition today. I think the people of Alberta -- in fact, people all over Canada know how strongly Albertans feel about it, and our government has led that fight against the national sales tax.

I should say, Mr. Speaker, there was discussion about Alberta's senatorial selection legislation. I made sure the Prime Minister is fully aware of that legislation, and he is. We also discussed tourism and the impact of Via Rail on tourism. We expressed appreciation for the use of the Canadian Embassy in promoting tourism.

There were some areas of disagreement, definitely, but there are some strong areas of agreement. Interest rates was one that I felt good about because I believe there is an acceptance at the federal level finally of the importance of having lower interest rates in the future. I again stressed that very strongly with the federal government, and I believe we will see lower interest rates between now and Christmas.

MR. SPEAKER: Final.

MR. DAY: Thank you, Mr. Speaker. Did the Prime Minister indicate that there would be channels for us in an ongoing and fairly immediate way to continue to express concerns, for instance in the area of the sales tax or other areas of federal policy that might mitigate our own growth here?

MR. GETTY: Well, Mr. Speaker, as I did say earlier to the Leader of the Opposition as well, the government will continue to pursue the matter of the sales tax with the federal government and at the Premiers' Conference next week in Quebec City, and I'm certain we'll be able to discuss it as well at the federal/

provincial meeting of first ministers. That has now been decided to be held on November 9 and 10, and we will have an opportunity there to not only discuss the sales tax, future economic growth in Canada, but also such important matters, I believe, as Meech Lake and Senate reform. I know that the federal government is still committed to Senate reform, an elected Senate. I'm pleased about that.

So, Mr. Speaker, I guess just in concluding I should say to the hon. Member for Red Deer-North that there were matters of disagreement, many of matters of agreement, and I think it is the nature of federal/provincial relations with our Prime Minister now that here it was on a Saturday afternoon in Red Deer when he was there, and I appreciate him making the adjustment to come to Red Deer and be able to meet there and to be working for that long period of time on federal/provincial relations. I congratulate him on that. There are many things we can co-operate with. There will always be tensions of a federal/provincial nature, but this Prime Minister is working at making a better and better role, a better and better attitude and commitment to federal/provincial relations in Canada, and that can only be better for our country.

### **Impact of Free Trade on Beer Industry**

MR. McEACHERN: Mr. Speaker, one of the federal policies that this federal government has sold out Alberta in, with the help of this government, is the free trade policy. In spite of the 10-year exemption for the Canadian beer industry from the free trade deal, we've seen mergers and other rationalization attempts by Canadian breweries to stave off the inevitable takeover by the American beer giants when the 10 years are up, or maybe even sooner at the rate we're going. The recent Carling/Molson merger will result in the closure of seven plants, including one in Lethbridge, and the layoff of 1,400 Canadians. Did the Alberta government make any representation to the Canadian competition bureau to oppose this merger to prevent that loss of jobs?

AN HON. MEMBER: Who are you asking?

MR. McEACHERN: The Minister of Economic Development and Trade.

MR. ELZINGA: Thank you very much, Mr. Speaker. In response to the hon. Member for Edmonton-Kingsway, as he indicated in his question, he has a full awareness that it does fall under the federal government. We recognize that it might cause some uncertainty in the Lethbridge area, and for that reason we are working with individuals in the area to see if there is some way that we can maximize the use of the facilities in that area.

I should indicate, though, that the premise of his question and his relationship to the free trade issue is very misleading in that one only has to look at the employment figures within this province. We are starting to see some of the benefits that will accrue, and more will accrue as time unfolds when we do have greater access to that U.S. market.

MR. McEACHERN: Yeah, like with the Redcliff glass plant.

It's a fact that most countries allow very little foreign control of their beer industry or the beer markets. Will the minister reverse the Alberta Liquor Control Board policy that already has allowed cheap canned beer from the United States to take over 8

percent of the Alberta market?

MR. ELZINGA: Mr. Speaker, I'm sure the Solicitor General, under whom the Alberta Liquor Control Board answers, would like to supplement my answer. But let me leave the hon. member with the assurance that what we want to do is create a climate within this province whereby we do have greater access to markets other than our own, because if we rely solely upon this province for the sale of our goods, the employment figures that we enjoy today will drastically change. We want to make sure that we increase our activities in markets other than Alberta.

MR. SPEAKER: Solicitor General on the supplementary information.

MR. FOWLER: Thank you, Mr. Speaker. In regard to free trade and free enterprise that exists in this country, I'm not convinced that the present brewing industry that exists in Alberta cannot, in fact, cope with the competition from the United States. That competition at this point accounts for 10 percent of the total beer sales in this province.

MR. McEACHERN: To the Minister of the Environment. Given that bottles are more environmentally friendly than cans and that the only advantage to the cans is that you can ship beer a long distance, which is the what American companies would like, would the minister not agree that the Redcliff glass plant would not have shut down if the cans were not making such inroads into our local markets?

MR. KLEIN: Well, Mr. Speaker, I don't know if cans are any more environmentally unfriendly than bottles.

MR. McEACHERN: You should know. You're the Minister of the Environment.

MR. SPEAKER: Order.

MR. KLEIN: I know something about beer, perhaps more than the hon. member. I do know that the whole recycling industry is market driven, and if there is no market for glass, then it's very, very difficult to move it. That's the only answer I can give the hon. member at this time.

#### **Compensation to Grazing Leaseholders**

MR. MITCHELL: It's obvious that the minister knows something about beer, Mr. Speaker; he certainly has a lot of room for it. Sorry. Only kidding, Ralph. Only kidding.

Mr. Speaker, current grazing lease policy allows renters to keep windfall profits from oil and gas developments on their grazing leases while paying only nominal rents for this public land. In total this government is giving away an estimated \$21 million per year in revenue to which the renters literally have no right. On July 17, 1989, the courts ruled that leaseholders have only one right: to graze their livestock. Now, believe it or not, the minister wants to appeal that decision. To the Minister of Forestry, Lands and Wildlife. Why does this minister allow a handful of renters to receive \$21 million in windfall profits which rightfully belong to all Albertans?

MR. FJORDBOTTEN: Well, first of all, Mr. Speaker, I don't

know where the hon. member gets the number \$21 million, because I don't believe that's anywhere near being accurate. Frankly, on average, the compensation levels that grazing leaseholders receive are one-half to one-third as much as what landowners receive. And it's not windfall profits. They receive compensation for disturbance when pipelines or seismic lines go through.

Mr. Speaker, also, it was looked at in depth in 1981 by an all-party select committee on surface rights compensation, and their recommendation in that report was that the way it is at present is the way it should be.

MR. MITCHELL: Mr. Speaker, I wonder whether the minister could reconcile that statement with the fact that the Canadian Petroleum Landmen's Association has indicated, among other examples, that there is a grazing lease in this province for which the leaseholders, the renters, pay \$20,000 and receive \$284,000 in windfall oil and gas revenues on that grazing lease.

MR. FJORDBOTTEN: Mr. Speaker, again, his numbers are all totally out to lunch. That is no fact to that -- I don't know where the \$284,000 number came from. And he's one year late, because in 1988 I met with the land surveyors and discussed the whole issue with them and agreed to meet at any time with them and with the cattlemen and the grazing leaseholders to see if there was some problem and a better way to resolve it.

MR. MITCHELL: Well, it was in 1987 that they made the report to which I just referred, Mr. Speaker.

My final question is to the Premier. I wonder whether the Premier can tell us how he feels about \$21 million in revenue slipping through his government's hand each year, and will he please direct the Treasurer as soon as possible to begin collecting it?

MR. GETTY: Mr. Speaker, the hon. member has asked a series of questions, then received an answer from the hon. Minister of Forestry, Lands and Wildlife, and didn't pay any attention to the answers. Surely if he's going to present a series of questions -- written out, I know, and prepared in advance -- still take some consideration of the minister's answer.

#### **Oldman River Dam**

MR. BRADLEY: Mr. Speaker, the Oldman River dam is important to the continued economic development of southern Alberta, as it will provide an assured water supply for municipalities, for agriculture, for fisheries, for industry, and for recreation, yet there are groups who are opposed to the construction of the dam and have challenged its construction in the courts. My question to the Minister of Public Works, Supply and Services. Could he advise the Assembly as to the current status of court challenges regarding the construction of the Oldman River dam?

AN HON. MEMBER: Don't you read the papers, Fred?

MR. BRADLEY: There's more than one challenge.

MR. KOWALSKI: Mr. Speaker, on Friday last Justice Jerome basically indicated that it was irrefutable, in terms of the evidence, that the province of Alberta had undertaken the neces-

sary public examination and public review of all matters pertaining to the Oldman River dam. I've indicated in past times that we would anticipate that after 1986 when the decision was made to construct the Oldman River dam as one of the most significant environmental protection and enhancement projects this country has known in a long period of time, we would anticipate that prior to the conclusion of that dam project there would be a number of court cases. I would suspect that between now and the final conclusion of the dam by the fall of 1991, there will probably be additional court challenges. But the decision on Friday last was pretty clear in my mind, Mr. Speaker: that the position taken by this government since 1986 has been the valid and the correct one.

MR. BRADLEY: Supplementary question, Mr. Speaker. The FOR group has challenged the safety of the foundation of the Oldman River dam. Could the minister advise the House if he has any evidence to assure the Assembly that there is no foundation to these allegations?

MR. KOWALSKI: Mr. Speaker, it was a few days ago that I had the privilege of tabling in the Legislative Assembly a report entitled Oldman River Dam Project: Review of Greggs and Associates report. The conclusions in that report are very, very clear, Mr. Speaker, that the evidence that had been presented by certain groups with respect to safety and the Oldman River dam -- such words as that evidence was misinterpreted or misunderstood. There's no evidence presented by this one Dr. Greggs or found by any of the project investigators to suggest that there are any safety concerns whatsoever with the Oldman River dam. It concluded again that there are no faults or anything else. The report is a very, very conclusive one written by internationally reputed scientists. I would hope that it would once again put to bed some of these ridiculous allegations and charges about safety for the Oldman River dam.

MR. BRADLEY: Final supplementary, Mr. Speaker, to the minister. Will the government assure Albertans that no taxpayers' funds will be provided to assist FOR with its court challenges and that the government will apply to the courts to recover the government's costs for these challenges?

MR. KOWALSKI: Mr. Speaker, the Oldman River dam has been identified as a project that would cost \$349.6 million in 1986 dollars. Since that time, needless to say, the actual cost of the Oldman River dam would have been accentuated by these ongoing court challenges. I think it would be most regrettable if taxpayers' dollars had to be spent even supporting some of the challenges that are just very strange, to say the least, in my opinion.

MR. SPEAKER: Edmonton-Beverly, followed by Calgary-McKnight, then Banff-Cochrane.

#### **Health Services for Northeast Edmonton**

MR. EWASIUK: Thank you, Mr. Speaker. In 1979 this government made a commitment to meet the health care needs of residents in northeast Edmonton by building a health care facility. A decade has now passed. There has been no action. The recent announcement of the Westaim research and development centre and the Dow/Shell fractionating plant resulting in

an estimated population growth in northeast Edmonton would suggest that a health care centre is needed now more than ever before. My question is to the Minister of Health. Isn't 10 years long enough to assess and to plan for an appropriate community health care centre in northeast Edmonton?

MRS. BETKOWSKI: Mr. Speaker, as a province we make no apology for managing the health resources in the most diligent way we can, in the interests of managing our trusteeship role as a government.

The issue of whether or not another hospital is needed in the northeast area was assessed in 1979. Although there may well have been a context in which a second hospital would be built, the realities of the changing demographics through the '80s changed that decision significantly. There was a new hospital built, up and operating now, the Grey Nuns hospital in southeastern Edmonton, which is serving the area. The issue of meeting the health needs in northeast Edmonton is one which I believe can be met without the construction of an additional hospital, and that's the way we're proceeding at this time.

MR. EWASIUK: Mr. Speaker, I could perhaps make a suggestion to the minister and ask her whether she would strike a task force involving the local area council and the health care units in the area to do a review of the unmet health care needs in northeast Edmonton in order to formulate and create recommendations to see whether in fact a facility is required in that area.

MRS. BETKOWSKI: Mr. Speaker, I have certainly spoken to a good number of residents in the northeast Edmonton area, as well as their representatives who are locally elected. I would be pleased to look at any kinds of mechanisms that might be useful in the context. I do believe we will see a changing shift when we get on stream the expansions in emergency care at the Royal Alexandra hospital, the Charles Camell, and the Misericordia hospital, all of which will contribute to a reconfiguration and in fact meeting the needs in northeast Edmonton in the best possible way.

MR. EWASIUK: Well, Mr. Speaker, speaking of ambulances and the need for emergency situations, will the minister have her department work with the Edmonton Ambulance Authority to ensure that response time and emergency health care are keeping pace with the population demands in northeast Edmonton?

MRS. BETKOWSKI: Well, not only will I make that commitment, Mr. Speaker, for northeast Edmonton, because I am the Minister of Health for all Albertans in ensuring that they have access to the health requirements that they have. I can say, though, that one of the implementations which will be taking place this year and early next will be a registry for ambulance care, which will ensure that we are aware as the ambulance is proceeding with an emergency in a far better contextual way for the needs and which hospitals can meet them. I think it's very important with respect to emergency care or trauma care that we recognize that there are going to be pressures on different facilities at different times, and a better measure of that and a better predictability of that is what we hope to achieve by the ambulance registry system.

MR. SPEAKER: Calgary-McKnight, followed by Banff-Cochrane, then Edmonton-Strathcona.

### Advanced Education Endowment and Incentive Fund

MRS. GAGNON: Thank you, Mr. Speaker. Universities in Alberta have done a marvelous job in recent years of making do with inadequate levels of government funding. There is not enough money to provide an education for all deserving students who apply for entrance to our universities nor sufficient funds to maintain and replace scientific and technical equipment. These institutions have been encouraged by this government to seek out private-sector donations, yet the government's recently announced Advanced Education Endowment and Incentive Fund successor program places severe limits on the amount of such donations eligible for matching grants. My question is to the Minister of Advanced Education. Why has the minister placed such an unreasonably low limit on the amount which his department will provide under this program?

MR. GOGO: Mr. Speaker, I would hope the hon. member would be aware there's been some \$386 million of taxpayers' money since 1980 allocated to the endowment fund to our postsecondary institutions. This government announced on June 8 \$80 million additional funds to our postsecondary system. Granted, there is a new formula put in place, but in the view of the government and certainly this minister, that's a significant contribution to the postsecondary system in this province by the taxpayers of Alberta.

MRS. GAGNON: Mr. Speaker, the University of Alberta has already raised some \$13 million this year alone, well above the \$2.4 million limit, and the University of Lethbridge has raised double its annual \$300,000 limit, largely due to the perception that these donations would be matched by provincial dollars. Is the minister not concerned that the new restrictions will significantly damage university fund-raising efforts?

MR. GOGO: Well, Mr. Speaker, assuming the facts quoted by the Member for Calgary-McKnight are accurate, I think that's a true indication of the support in the private sector out there for the postsecondary system. I think it speaks for itself. This minister has said that if there's any way in the future that there are additional funds available, consideration would be given to it, but I would simply add and conclude that it's the only province in Canada that has this program, and we think it's extremely generous.

MRS. GAGNON: Mr. Speaker, given that universities and donors were assured on numerous occasions that a new matching grant program would be announced, would the minister at least consider clearing up the backlog of these programs by matching at the former dollar-for-dollar rate all donations received by eligible postsecondary institutions in the time between the expiration of the last endowment program and the announcement of the new program?

MR. GOGO: Mr. Speaker, there are still some funds left from the previous commitments of the endowment fund. I would point out that the \$80 million that was allocated in 1980 lasted less than five years, another \$80 million that was allocated by this government lasted less than three years and required an additional \$48 million to match, and now the additional \$80 million. I think the \$386 million of funds allocated to the postsecondary system have been extremely generous on behalf

of the taxpayers of this province. Frankly, I'm at a loss somehow to understand why the institutions are saying that the \$80 million recently announced is not sufficient.

MR. SPEAKER: Banff-Cochrane, followed by Edmonton-Strathcona.

### Dumping of Sewage into Rivers and Streams

MR. EVANS: Thank you, Mr. Speaker. Last week information became public that partially treated and untreated sewage was being dumped into the Bow River by the Banff sewage treatment plant. I spoke on Friday with the superintendent of Banff park, Dave Day, and I was advised that this crisis was due to a substantial increase in the tourist population over the long weekend. I was also advised that in the short term the problem was being dealt with by manual chlorination and in the long term by the expected opening of the sewage treatment plant in Banff townsite in November. Notwithstanding that, however, my question is to the hon. Minister of the Environment. Because this type of problem has such a significant impact on the people of the Banff-Cochrane constituency and all areas downstream, including the city of Calgary, what type of monitoring is the department doing to ensure that this problem is addressed?

MR. KLEIN: Well, Mr. Speaker, now the citizens of Calgary know how the citizens of Brooks felt some years ago when we had to clean up and enhance to almost tertiary treatment our sewerage treatment system in Calgary when I was the mayor there.

To answer the question, Mr. Speaker, the health units along the way downstream are monitoring this situation very closely. We were given to understand that this project being undertaken by the federal government, without a tremendous amount of input, by the way, from the province of Alberta, is scheduled to be completed in October of this year, and it's long overdue. In the meantime, all we can do is monitor the situation, advise the residents downstream of the situation, and take whatever methods are necessary through the treatment of water downstream to make sure that no health hazards occur.

MR. EVANS: Mr. Speaker, again, to the Minister of the Environment. Can the minister assure the people of Alberta that the environmental standards of this province would preclude the dumping of any type of untreated sewage into the water streams in Alberta?

MR. KLEIN: Mr. Speaker, the only place that that's allowed -- and it's because of an inadequate system in the city of Edmonton that we're going to have to deal with in very, very short order. We have to allow the dumping of raw sewerage under very, very severe circumstances in this particular city, and that problem is going to be resolved. But overall the province of Alberta and certainly the Department of the Environment would in no way condone untreated sewerage being discharged into river systems.

MR. EVANS: Mr. Speaker, again to the Minister of the Environment. Will the minister ensure and indicate to this House that he will ensure that the construction and implementation of the new sewage treatment plant is monitored by Alberta Envi-

ronment to ensure that it is on stream as quickly as possible?

MR. KLEIN: Well, Mr. Speaker, hopefully our new relationship relative to environmental concerns with the federal government will allow us to assess the sewerage treatment system at Banff much the same as matters of environmental concern are assessed in the province of Alberta by the federal government. Hopefully we can reach that kind of agreement and get that kind of co-operation. I think it's absolutely necessary and becomes even more necessary, Mr. Speaker, with the advent now of Banff becoming a townsite within the province of Alberta.

#### **Funding of Civil Legal Aid**

MR. WRIGHT: Mr. Speaker, my question is to the Attorney General, and it concerns legal aid. The situation in Alberta is quite scandalous when it comes to civil justice in that well-heeled citizens of Alberta can afford civil litigation; the rest cannot, and that even includes those of better than moderate means. Yet civil legal aid runs at one-seventh of the level, per capita, that one finds in Ontario. Will the Attorney General agree to an immediate expansion of civil legal aid without waiting for the results from any report or anything, the need for it having been amply demonstrated?

MR. ROSTAD: Mr. Speaker, I'm very pleased to see that the task force report that was commissioned by the Attorney General's department, the Law Society of Alberta, and the Legal Aid Society has finally reached the hon. member's desk, and that is one of the recommendations that is being looked at by all three partners of this program.

MR. WRIGHT: Mr. Speaker, one of the recommendations in this report, which has yet to be tabled by the government, is that the legal aid that the federal government is prepared to give, yet is being forgone by the government, be sought. So my question to either the Attorney General or the Minister of social services, who has some part in this, is this: will they not agree that the excuse that because the federal government has allegedly lower standards of eligibility is no excuse at all to getting that additional money for the taxpayers of Alberta?

MR. SPEAKER: Time for question period has expired. Might we have unanimous consent to complete this series?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried. Thank you.

MR. OLDRING: Mr. Speaker, I'd be happy to respond to that. We had that matter raised in the Assembly before, and my information at that time -- and it still stands -- is that if we implement the requirements of the Canada Assistance Plan, it will be much more restrictive to the clientele that we're able to serve, and it will only mean a minimal recapture of dollars. We're not prepared to take away that level of service to some Albertans that very much need it.

MR. WRIGHT: Three hundred thousands dollars is hardly minimal, Mr. Speaker. Until the government ceases to be so contemptuous of the rights of Albertans to access to the courts, will the Attorney General agree that any boast by this government

that our legal aid is as good as any in Canada is a cynical joke?

MR. ROSTAD: Mr. Speaker, I don't know where the pomposity of the person across the aisle comes from, but we do have a very good Legal Aid Society that's operating a good legal aid program in this province, and through the task force report that the member has, there's a number of recommendations that are being considered by three parties to this legal aid program and not just the government. We look forward to bringing those forward, at which time the hon. member can get up and show his pomposity further.

#### **ORDERS OF THE DAY**

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

##### **Bill 20**

##### **Appropriation (Alberta Capital Fund) Act, 1989**

MR. JOHNSTON: Mr. Speaker, I move second reading of Bill 20, Appropriation (Alberta Capital Fund) Act, 1989.

All members will know there's been an extensive discussion already with respect to the appropriations. The four departments have had an opportunity to explain the importance of this spending and how it's going to, in fact, add to the infrastructure and the base of our fine province. I'm sure that all members will agree to support this Bill in principle in second reading.

MR. HAWKESWORTH: Mr. Speaker, I think, like the minister's very colourful tie this afternoon, this Bill should have been printed in red instead of black ink. This has to do with the Alberta Capital Fund, and as a result of that it's money that by and large is going to have to be borrowed to pay for all this spending of money on hospitals, nursing homes, water development projects, and so on as well as other government facilities. Some of those projects might be justified, some not. But how are they going to be paid for? That's the essential question. Under one section here \$306 million and \$4 million in another: it's an awful lot of cash required to meet the needs of appropriation Bill 20.

Now, this also has to do in an indirect way with another Bill that's coming before the Assembly later on which has to do with the total indebtedness of the province. But because this has to be borrowed money, the question is: how is it going to be paid for? Over the past several days in this Assembly I've made some constructive suggestions to the Provincial Treasurer about how we might use a fairer tax system to raise \$310 million this year and how we might increase the revenues of the province to pay for some of these construction projects, because the bill is going to come due one way or another, sooner or later. In fact, I note with some interest that in the estimates for the province generally there's now close to \$1 billion that we never get to review as the Assembly because it's simply related to the debt payments of the province. Once the money's borrowed and the commitment's made, that debt has to be paid off one way or another, some way or another. If we're not going to pay for these construction projects through a fairer tax system where everybody pays their fair share, then we'll come back to the same old strategy that we've been forced to in the past by this Provincial Treasurer by either cutbacks to necessary services or higher taxes on ordinary Albertans. That's the strategy this gov-



ernment has adopted.

It seems to me highly ironic that on one hand we would have cutbacks in operating grants to hospitals in the future in order to pay for the construction of hospitals today. It doesn't make any sense. If we're going to spend \$106 million in this fiscal year to construct hospitals and nursing homes, that's going to lead to higher operating costs down the road and justifiably so. It's a growing population. It's an aging population. In various communities there's a need for new hospitals and nursing homes. But, Mr. Speaker, if this government next year is going to pay for this with higher taxes or cutbacks in operating grants, especially cutbacks in operating grants to hospitals, one has to ask: where is the fairness in this government's approach?

Mr. Speaker, the bill has to be paid, \$310 million. It's fine and dandy for this Assembly today to pass these estimates, as we've done, and to pass the appropriation Bill to pay for those expenditures, but when the bill comes due, as no doubt it will, the question will be -- I would guess another \$30 million on next year's estimates that this Assembly won't even be able to review, because that's simply the Bill to borrow this money, to pay for this construction in this borrowing. When that comes due next year and the debt of the province is increased even more, is this government going to approach that debt in a reasonable way, in a fair-minded way, saying that this is something that all Albertans should pay for on the basis of their ability to pay, that there won't be any special deals for wealthy individuals, there won't be any special exemptions for wealthy and profitable corporations, everybody is going to pay their fair share to pay this debt based on their ability to pay?

That's going to be the key question and the key test of this government, Mr. Speaker, because to this point in time we certainly haven't seen a fair taxation system. And the more that we borrow to pay for the Alberta Capital Fund and for these expenditures, the greater the debt, the more that unfairness is going to rankle Albertans, the more that unfairness is going to be a thorn in the side of Albertans, and the more important it is that the government commit itself to setting out a fair taxation system.

Mr. Speaker, we've gone through the detailed debate in the committee estimates about whether we need an Oldman River dam or not, and I still find it curious that the Minister of Public Works, Supply and Services still can't answer a simple question as to what the purpose of the Oldman River dam is, given that his interim licence doesn't mention anything about irrigation whereas most Albertans have a mistaken view that the Oldman River dam has something to do with irrigation. I just want to make note that close to \$90 million is requested in these votes this afternoon for us to approve a project where the provincial Public Works, Supply and Services minister can't give us a straightforward answer as to what the purpose of that particular construction project is about, why the interim licence that was issued to start the construction in the first place doesn't even address the whole issue of irrigation. I find that a government that's unwilling or unable to or incapable of putting its agenda right up front and centre -- I find that distressing, Mr. Speaker, that we can't get a minister to tell us what the real purpose for a major construction project like that really is. It's quite disconcerting, then, for the Provincial Treasurer to come ask us to approve \$90 million when the minister can't give us a straightforward answer on the purpose of that particular project.

So, Mr. Speaker, in total, it's more red ink, lots more borrowing for the people of Alberta, for the government of Alberta. Some of the projects are welcome, obviously, but some of them

remain nothing but shrouded in a cloud of doubt and a cloud of question marks as to what the real purpose is. The more that the province borrows money, the more we're in debt, the more that the whole question of the way in which this government's going to pay the bill for this borrowing becomes crucial. None of these questions have been adequately answered by the Provincial Treasurer. I know that the Premier during the recent provincial election went around taking out ads in the newspaper under the words, "Here are the Facts," that the only direction taxes would take would be down; no tax increases for the people of Alberta. I just wonder, Mr. Speaker, how this government intends to borrow close to \$310 million without raising taxes or cutting necessary people services in the future. That will remain to be seen, whether they can keep the promises that this Premier has made to the people of Alberta. But so far as anything I've seen in this session, Mr. Speaker, I have a lot of doubts whether their fiscal policy will be able to absorb this kind of increase without, somewhere down the road, adding taxes on the backs of ordinary working Albertans and making the tax system even more unfair than it is at present.

Thank you.

MR. SPEAKER: Edmonton-Kingsway.

MR. McEACHERN: Yes, Mr. Speaker. I just thought I'd add a few comments to those of my colleague. One of things the Treasurer -- I guess maybe it wasn't even this Treasurer that did it first -- did with the deficit of the province, or the statement of revenues and expenditures and the balance for the province, was to decide that Capital Fund projects, which they decided to name each year and specify them, would not be considered part of the regular budget. They did that several years back; I think it was 1984-85, or something like that. So for a while the Treasurer went along talking about the combined deficit, by which he meant, then, the budget deficit plus the capital projects division of the heritage trust fund deficit, and he used those two numbers together for the three years from '86 to '89. Then for some reason this year he decided he'd eliminate one more thing from this deficit figure that he likes to use, the one that he likes to use most for the public. That was, he decided not to include the heritage trust fund figures.

So I would just like to say to the Treasurer that if you take your \$1.49 billion deficit that you indicated in your budget, add the \$141 million for the capital projects division of the heritage trust fund to get what you used to call the combined deficit, and then throw in the Capital Fund deficit figures, the \$305 million here, and then of course there's a few provincial agencies and commercial enterprises and that sort of thing that the Auditor General includes in what he calls his consolidated statement, you would have over \$2 billion deficit for this fiscal year that we are now in. The reason I point this out is that I remember the minister standing up in the House with great glee and saying that the Stats Canada figures that said we would have a \$2.2 billion deficit this year were way off base, they were at least \$500 million off, and that brought it back down to \$1.7 billion. Well, it does if you don't count this \$300 million. I guess it does if you don't count the heritage trust fund. I guess it does if you don't count some of those other things that go to make up the consolidated statement.

So what I'm saying, in effect, is that a few years ago this government was using more or less the consolidated statement figure for the deficit of the province each year, if there was a

deficit; in fact, there wasn't any deficit until '86-87. So when times were good, they didn't mind doing that. But as soon as they got hit with a bit of trouble, then they started finding one way or another to shuffle some of the numbers aside, and you have to look at them separately and not count them and not talk about them. So the Treasurer has been trying to hide the real deficit of this province.

So according to my figures, if you add up the \$1.49 billion, it brings it up to \$1.63 billion when you add in the heritage trust fund capital projects division. Add another \$305 million for capital projects, and that gets you up to almost \$2.1 billion, so you are not far off the \$2.2 billion that the Stats Canada figure put out. I told him at the time that I could reconcile it for him, and so now I have just done that.

MR. SPEAKER: Question? Calgary-Buffalo, followed by the Treasurer.

MR. CHUMIR: Thank you, Mr. Speaker. I'm going to be very brief. I say that because I like the applause that usually ensues when I make that statement.

Much of the expenditure in this Bill is worth while, Mr. Speaker, although our party has concern about some of the expenditures. However, these have been dealt with in detail in the estimates, and I won't deliberate on them here. Overall, though, we plan to support this legislation, but we do have some serious concerns, some of which have already been expressed by previous speakers. No one viewing the financial situation of this province could fail but to be concerned about the deficit, the accumulated debt of this province. We're now, in another Bill, being asked to approve the increase of the debt limit of this province to \$9.5 billion.

This government has not yet recognized that it's going to have to improve its management. Everywhere we look we find waste, waste, waste. Just by way of a few examples. In Calgary, in the building of the Peter Lougheed Centre, we find there inclusion of a \$1.5 million angioplasty machine, with no heart department -- that's terrific. We have an incinerator installed in the hospital, but we can't use the incinerator because there are no scrubbers. We have an Alberta stock savings plan under the jurisdiction of the Provincial Treasurer in which multi millions of dollars of our funds are going for purposes which do not serve the economic interest of this province. They are veritable giveaways of provincial money. I know that the Provincial Treasurer has indicated that he's going to be reviewing these things, and I hope that he tightens them up considerably, because I'm being told by members of the financial community that there is a major rush. I'll be brief. We knew that...

MR. SPEAKER: There's a concern of the Chair, hon. member. Your previous examples were germane to the Bill. The stock savings plan is not germane to this at this point.

MR. CHUMIR: We need a little bit of beef in here, Mr. Speaker. We've got the pork from Mr. Pocklington, and we now need some beef.

There's the Alberta royalty tax credit program, and there's the ABCD program, admittedly a small one. But finally we have a minister in there who has recognized that it's time for review and has cut off the program. So what we need to do is get our accounts into order, Mr. Speaker. We need to move ef-

fectively towards balancing this budget, and this means better management. The only policy we're able to discern from this Provincial Treasurer is one of hope based on accelerated natural gas royalties down the future. Now, the minister may in fact be right that this will skate the provincial government on side, but the reality is that in light of uncertainties in the oil and gas game, this is an unsound gamble. In any event, by the time it takes place, we're probably going to have a deficit of \$12 billion, \$13 billion, \$14 billion at the rate that he's going. We're paying over \$800 million in interest this year.

A second point that I have with respect to this Bill, Mr. Speaker, relates to the philosophy of having a separate Capital Fund. Now, there may be some arguments in favour of that, but basically what I'm able to define is that this has been set up with a view to reducing the reported amount of spending under the General Revenue Fund. If we were to include the expenditures under this Capital Fund, we would have an increase in the deficit in the ballpark of \$275 million. You note that I don't say \$305 million, because there is a small amount being amortized annually which is already included in the General Revenue Fund. We have an estimated deficit, an admitted deficit by this Treasurer, of \$1.5 billion, and when we add this amount to it, we would have a deficit of \$1.775 billion. And that ignores a number of other factors which have been mentioned with respect to the heritage trust fund and other types of expenditures.

Now, insofar as I'm aware, Alberta is the only province in this country which deals with Capital Fund expenditures in this way, not reporting them as part of the annual expenditure for deficit purposes. The minister, when I questioned him on that particular issue in question period some time ago, protested that there were others, and I challenge him to tell us of any other provinces that follow this particular process. The reality is that this type of Capital Fund serves to mislead the people of this province with respect to the true extent of expenditure by this province. It's part of an extensive use by this minister of gimmickry in reporting our financial accounts with a view to putting the best face on a sorry financial position. And that's just not adequate, Mr. Speaker.

MR. SPEAKER: Provincial Treasurer, in summation.

MR. JOHNSTON: Mr. Speaker, I want only to make a few comments about the observations already expressed by my colleagues across the way. Let me make one general observation: that it seems to us that one of the more prudent decisions this government has made was to segregate the Capital Fund apart from the General Revenue Fund. That isn't done with any intention of obscuring the facts or changing the reporting practices. It's done with the intention to ensure that Albertans pay for the use of those assets over a period of time equal to the life of the asset. You know, that seems to be a very sound practice to me. If you build a new hospital in Lethbridge or in one of the other constituencies, in fact those people understand that the cost of that hospital is an annual charge. It's probably inappropriate to charge the entire amount up front, to have General Revenue Fund expenditures include the building of a hospital, which has a much longer use period than, say, the purchase of some kind of a service. Therefore, this system is set up to ensure that the proper matching of the costs of hospitals, the costs of advanced educational institutions, the construction of government facilities and government water projects are done on that basis.

It's a very appropriate way in which we should be reporting and disclosing the costs of these facilities. What is more misleading, Mr. Speaker, is in fact to charge the entire cost of, say, \$305.928 million to the cost of operating this year and suggest to people that that's all we did, that there'll be no further cost. Well, that just isn't the way in which accounting should be done, nor is it revealing the true facts of the case with respect to reporting to our friends across the province.

Now, you can sense the people of Alberta believe this, Mr. Speaker. There is certainly a sense of endorsement of the way in which this has been operating. I draw members' attention to the very real success of the Alberta capital bond program. Now, we explained to the people of Alberta: "Here's what we want to do. We're going to put these hospitals, these universities, these colleges, off in this fund over here, and we're going to go to the people of Alberta and ask you to fund it." Surprise, surprise, Mr. Speaker. I think if any policy received an endorsement, it was that decision. The first time we asked Albertans to support that decision, they came up with nearly \$900 million of Alberta capital bonds for this fund; \$900 million, Mr. Speaker. They agree with the principle. They want us to build these projects. They like the notion of paying for them over the next few years ahead, and they have taken the risk to join with us in endorsing this position, Mr. Speaker. About 120,000 Albertans in particular agree with us. Now, over \$1.1 billion was received in Alberta capital funds. Probably the largest single successful bond issue done in the world was done in 1986 right here in this province, from Albertans, to ensure that these programs were built and developed to in fact provide these kinds of services to all Albertans. A remarkable success story; a significant endorsement of this government's policies, Mr. Speaker.

Now, where you find the conflict, Mr. Speaker, is that on one hand they're saying, "Well, we don't understand how you can pay for it." Well, for the socialists to worry about paying the bills is remarkable in itself; it's the first time I've ever heard that revolution. They're now trying to get close to the Liberal Party and trying to become the left-of-centre Conservative Party, I guess. They always trot these ideas out. But for them to be concerned about paying bills is absolutely remarkable. They've never had private-sector experience. They've never had to make the payrolls. So it's not their concern to pay for it; it's our concern. We've accepted that responsibility, and we've provided a plan to the people of Alberta that shows how in fact we will manage the future, how we will manage the resources, how we will come to a balanced budget by 1992, and how we will deal with the deficit, Mr. Speaker. That, in fact, will start to unfold over the next few years ahead, and then we'll see these people scurrying for cover when the glorious times of Alberta start to show up in the diversification and the strength of this province.

Now, where is the other conflict from across the way? During the campaign -- I didn't raise the campaign; the people across the way raised the campaign -- I saw the socialist party, the NDP party, talking about curtailing this great investment in our postsecondary education institutions, in hospitals in particular. Just today we saw the member from somewhere over there suggesting that we weren't building enough hospitals. Well, what kind of a conflict is that? I've said before that the socialists speak from both sides of their mouth when it's convenient, and it's unfortunate, Mr. Speaker: here they go again. Here they go again; they can't make up their mind with respect to their position. On the one hand they say, "Don't spend the money under this \$305.928 million fund that we're asking Al-

bertans to pay for." They say, "Don't spend it." Then in the next second they're up saying, "Well, maybe you should spend it here; maybe you should spend it there." Well, that's the kind of ad hoc nonsense management should expect from these kinds of folks, these socialists across the way. That's the way they'd manage the affairs: no consistency, no outline of programs and objectives, and no way to deliver. That's what people of Alberta understand, that if any one of these socialist parties, the Liberal or the NDP party, happened to be in government, they'd blow every resource we have. They'd blow the heritage fund. They'd have sales tax; they'd endorse the sales tax position. They'd have a capital tax, Mr. Speaker. They'd confiscate the senior citizens' wealth by . . . [interjections]

MR. SPEAKER: Order. The Chair would remind the House that this is second reading, not Committee of the Whole nor question period.

Provincial Treasurer.

MR. JOHNSTON: Thank you, Mr. Speaker. I'm just . . . [interjections]

MR. SPEAKER: Order.

Provincial Treasurer.

MR. JOHNSTON: So, Mr. Speaker . . .

MR. McEACHERN: Keep him on the topic.

MR. SPEAKER: It's second reading. It's not the tradition of this House.

Provincial Treasurer.

MR. JOHNSTON: You're right, Mr. Speaker. The traditions of this House must be respected, and that's why I'm restraining myself with respect to the position.

So I've outlined, Mr. Speaker, the intrinsic value of the way in which we're reporting the Capital Fund. I've put on record the fact that the NDP party has a major conflict in their own position both with respect to their financial plan, any financial plan they'd put forward, and now with respect to investment in needed hospital facilities, which we are building, which we are developing, and important irrigation projects for southern Alberta and construction of water management projects, and the construction of university and education facilities. These are important facilities for all Albertans, major investments that have long life for Albertans, benefits which will allow diversification, allow real, strong economic growth for our province, allow us to take the opportunity when we have the chance here in Alberta to invest in those kinds of facilities. That's part of our plan. It's a plan that's working, it's a plan that the people of Alberta can afford, and it's a plan which has received the endorsement of all Albertans, both in the last election and most certainly with respect to the sale of Alberta capital bonds here in this province, which in fact, Mr. Speaker, is an endorsement of the outline of this fiscal plan.

And so, Mr. Speaker, I move second reading of this Bill. Let's get on with making this a great province, as opposed to hearing from the Blues Brothers across the way.

[Motion carried; Bill 20 read a second time]

**Bill 23**  
**Tobacco Tax Amendment Act, 1989**

MR. JOHNSTON: Mr. Speaker, I know the opposition will oppose this because it's increased taxation, so I won't be disappointed when they say that we shouldn't be doing this type of an adjustment to the revenue regime. This is a very simple Bill which I'm sure even the NDP will be able to understand, because it very simply changes the rates of assessment of the tax on tobacco, and it falls within the fiscal plan outlined by the government.

Therefore, I move Bill 23, Tobacco Tax Amendment Act, 1989, in second reading.

MR. HAWKESWORTH: Mr. Speaker, this Bill is just like Conservative promises: up in smoke. That's what happens to them.

You know, the Provincial Treasurer made mention of some fiscal plan. I don't know what fiscal plan he was talking about; I know he doesn't have one. At least if what he has is a plan, it escapes me. Because, in fact, there was a fiscal plan that the Premier talked about during the provincial election. I keep reminding the Provincial Treasurer that he should have read the ads in the newspaper which the Premier took out and had his picture on that said "Here are the Facts." I don't have the newspaper right here in front of me, Mr. Speaker, but the provincial Premier said that the only direction taxes would take was down. This fiscal plan was -- everything was well in order; there's no problem. The Premier had made all kinds of promises about paving roads and subsidizing interest rates; I don't know what all the promises were. They were extensive and expensive, but the people of Alberta were assured in these ads that they shouldn't worry, because with the fiscal plan that Provincial Treasurer put in place and the fiscal plan of the government of Alberta, this could all be accommodated without increasing any taxes.

Well, here we are, Mr. Speaker. As I read this Bill, it is a tax amendment Act. And as far as I can tell from these numbers, they're all going up: 10 cents going to 12 cents, 20 cents going to 24 cents, 30 cents to 36 cents, 50 cents to 60 cents. I mean, if these are not taxes and if these aren't going up, then obviously my Bill in front of me is different than any of the others that all other members of the Assembly have in front of them. These figures are going up, and this goes contrary to the promise made in full-page ads taken out during the provincial election that taxes would not increase. Here we are. We see them; they're increasing. The tobacco tax is what's in front of us, and they're all increasing, Mr. Speaker. So I just say, tobacco usually goes up in smoke, and I think it's quite appropriate that the Provincial Treasurer would have chosen tobacco tax as the one to put the -- I don't know the right word to use to tell us that the ads the provincial Premier took out in the election were not in fact true, because we obviously have in front of us a tax that's going up, contrary to the assurances that the Premier gave us during the last election.

I don't see how the Provincial Treasurer can say that this is keeping with any fiscal plan. It betrays the fiscal plan. It betrays the promises that were made in those election ads that the only direction taxes would go would be down, not up. This is quite contrary to what the people of Alberta were told only a few months ago.

MR. SPEAKER: Calgary-Buffalo.

MR. CHUMIR: Thank you, Mr. Speaker. This increase in tobacco tax is long overdue, and we support it very strongly. The low tobacco tax which this province has had over the years is symbolic of the government's lack of perspective with respect to appropriate policies in this province. It kind of reminds one of Oscar Wilde's definition of a cynic as one "who knows the price of everything, and the value of nothing." To find that this province has had the lowest tobacco tax when we've known so much about the harms to the health of Albertans for years and years really speaks very poorly for this government. However, it's not an isolated example. It's like the fact that this province has the lowest tax on leaded gasoline, again very harmful to health. All you have to do is look at page 21 of the budget document and see that we're way, way low. Now, that's absolutely silly. Here we are in an age of environmental concern. We have a need for revenue; you have the capacity to combine this environmental sensitivity with respect to our health with some increased revenue, and what do they do? Nothing.

Now, Mr. Speaker, the Provincial Treasurer has stated that we are likely to oppose this legislation -- which of course we don't -- because we believe in increased taxation. It's not that we believe in increased taxation. What we believe is that our political leaders should be frank with Albertans; they should tell it as it is. We believe that when revenue is needed, when we're in a desperate financial situation as we are at the present time, that it's inappropriate for election purposes to play political games -- to play the George Bush game of "Read my lips; no more taxes" -- when we know that that really would forestall the government from taking responsible fiscal measures needed for the people of this province. We need more revenue. This is a good tax. If at all, it's still too low when you consider the cost to this economy of the health problems created by smoking.

MR. SPEAKER: Edmonton-Centre.

REV. ROBERTS: Yes, Mr. Speaker. I, too, would like to raise my voice of derision about these people across the way who just can't be trusted to keep their promises, just can't be given any sense of faith or confidence. They say one thing and yet we know just how much of another thing they do, and this is a prime example. If we don't see the taxes going down, we see them going up. Furthermore, this Treasurer in his fiscal regime, his sort of capitalist approach to selfishness and greed for the rich and powerful in this province that the member represents so rhetorically day after day in this session, this capitalist who wants to have a kind of fiscal regime which is going to, as I say, benefit the rich and powerful, has it planned out in so many other ways. But when it comes to something that is significant and yet hits the day-to-day life of so many people, this selfish, greedy capitalist over there, Mr. Speaker, can't have the courage and the consistency to let consumers know what his intentions are. I don't know why he has to try to pull it out of their back pockets when he thinks they've not watching and not listening, and to play both sides of his mouth, as he does on this issue.

So I would put a challenge to the minister that maybe with some sense of redemption from some source, God help him, he might now come clean and tell Albertans what his fiscal plan is, what his regime is, with respect to this tobacco tax. Now, they've lied to us in the past, but maybe, as I say, with some future hope, he might lay it out by saying, "Yes, we know we

have the lowest tobacco tax of any province, but by 1992 or 1993 we will raise it to a certain level." I think he'd be fair with the people of Alberta, fair with the tobacco industry -- who I think we're being altogether too fair with myself -- but at least be fair to lay it out and be honest about it and be up front because we know, those in the health industry who study it know, that an increased tobacco tax is in fact a deterrent to smoking. It's not a big one, but it does help to reduce the rate of people puffing away. So it could give some hints and clues to the people in the health industry that this government takes this matter seriously in wanting to reduce the rates of cancer, particularly lung cancer, by the citizens in this province. But I'm just pleading that the minister could lay out in his fiscal regime what his intentions are with this tax over the upcoming years.

I would hope in the final analysis, though, that Albertans can break the smoking habit as well as this government breaks its taxing promises.

Thank you, Mr. Speaker.

MR. SPEAKER: Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Speaker. Just a few comments. This tax is not unlike one that was brought in in the 1987 budget. I guess I'm just sort of curious as to whether or not the Treasurer announced it to all his colleagues so that this time around a few of his colleagues could benefit like they did last time when they ran out and purchased \$10,000 worth of cigarettes before the tax was put on. It was my Nazi friend from Calgary-McCall that did it, in case anybody's wondering.

Sure I think the tax on tobacco is a good idea, but the trouble is that the Treasurer and the Premier, of course, who usually speak on different sides of the fence anyway -- one contradicts the other; one says one thing and one says the other, and then they get together and agree to give the same story to the public, and then they break their word anyway. The word was that they weren't going to raise any taxes. I don't know what you'd call this if it isn't raising any taxes. I mean, it's only one simple, silly little tax that everybody knows is a good idea, but it's absolutely incredible that they'd have the gall to do it. I just don't understand how they can go to the people of Alberta in an election and tell them straightforward lies -- I guess is about the only word I can think of that really fits the bill. Along with that, of course, they said there wouldn't be any raise in taxes at all, and I'd have to point out that the raise in medical premiums has to rank as a tax by anybody's analysis. So it's nonsense that they haven't raised taxes in this budget.

Of course, we haven't seen anything yet. Wait till next year. Next year we'll see the big tax grab. It will be a repeat of 1987, the second year after the election.

MS BARRETT: The first year.

MR. McEACHERN: The first year after the election. Yeah; the same position anyway. We've had that one budget since the election, as we did back in 1986, and it was the '87 tax grab that was the big one -- a billion dollar tax grab -- and we'll see the same thing next year as this government tries to pay for the huge deficit. I mean, this government has blown the heritage trust fund in four years. If you consider the heritage trust fund as a savings account and consider the General Revenue Fund as a current account, our current overdraft is almost equivalent -- or will be by the end of the year -- to the savings account. Now,

Mr. Speaker, that's totally ridiculous, that they could blow it in four years and claim to be fiscally responsible.

MR. SPEAKER: We went through that with a previous Bill. Thank you. Let's deal with this one.

MR. McEACHERN: Another favourite statement of the Treasurer is that we have no sales tax in this province. It's not really true. We have a gas tax and we have a 5 percent hotel tax, both of which rank as sales taxes. So, as usual, the minister is doing his smoke and mirrors kind of nonsense and telling people one thing and doing something else, and there's no evidence of a fiscal plan.

I have some comments I'll rebut about his capital bond issue, but I'll leave that for a more appropriate Bill coming up.

MR. SPEAKER: Thank you.

The Provincial Treasurer, summation.

MR. JOHNSTON: Mr. Speaker, two things, I guess. I'm not going to take on the debate about whether or not we're talking about taxes or income taxes, but I would simply advise the member who presumably points the finger of accusation at one of our colleagues about taking advantage of budget information and making some inappropriate purchase of cigarettes under that regime, that I will have to draw that to the member's attention because I think it ranks up there with privilege, along the line, Mr. Speaker, and I know for sure that the member did not know about the budget. I'm sure I'll ask the member to examine the record as to what the member said.

Secondly, Mr. Speaker, I think it's unfortunate that the member would use the word "lies" when he talks about what this government has said or done. I don't even have to ask him to withdraw it because most Albertans now expect that kind of nonsense from the member across the way. It's typical of how he responds, because he has no ideas, he has no comeback for the sound policies of this government. He has to get into this kind of obfuscation and misleading statements that are typical of his rhetoric.

So let me conclude only by saying, Mr. Speaker, that on fact, I think it is probably appropriate that cigarette tax rates do increase. They're not the lowest, as somebody has pointed out. I do agree they have an element of health protection. As to what we'll do in the next budget I'm sure members will have to convene back here sometime in March of 1990 and see the outline of our tax policy at that point.

Mr. Speaker, I move second reading of this Bill.

[Motion carried; Bill 23 read a second time]

## Bill 10

### Financial Administration Amendment Act, 1989

MR. JOHNSTON: Mr. Speaker, let me just overview the main elements of this Bill. They are probably generally categorized in two general areas, one being substantive, the second being nonsubstantive, and those which are not substantive -- Mr. Speaker, I'm sure all members have had a chance to review the legislation already.

I should advise the Assembly that the recommendations which we reflect in our legislation here today, which might be described as nonsubstantive, which deal with such things as a

Treasury revolving fund with respect to pooling of investments, with respect to the collateral for securities lending, which expand the Consolidated Cash Investment Trust Fund, et cetera, are essentially recommendations which have come to us from the Auditor General. We are attempting here to satisfy his suggestions to us, as we do every year, as to how we can improve both the reporting practice and the internal control of the control of our assets. In doing that, we listen to the Auditor General, we listen to all members of the Assembly and certainly departments, and we therefore attempt to put in the legislation an appropriate response to the Auditor General's suggestions to us.

There are two other areas, Mr. Speaker, which might be under the area of substantive. Let me focus on that which is probably more likely to attract attention; that is, with the increase in the size of our loan fund. We've already heard this afternoon comments about the size of the government's borrowing, the fact that we are in the process of borrowing more money, and in fact this Bill suggests in section 65(1), if my numbers are right, without being too specific, that in fact we will increase the opportunity to borrow money by the province to \$9.5 billion. That would include both the General Revenue Fund and the Capital Fund, Mr. Speaker, and that, of course, is above the current level of about \$6.6 billion plus the total borrowings but will allow us some flexibility moving into 1990, a flexibility which I hope we don't have to use, but one which must be there for comfort.

Now, you may ask, what about the size of the government's borrowing? Let me say that I probably am more critical of borrowing than most politicians, Mr. Speaker, and in fact have suggested strongly and loudly that borrowing is a condition not to be condoned. But I think in the case of this government we have used the prudent approach to the reasonable amount of borrowing in the context of the economic climate our province, in the context of the financial strength of our government, and given the reasonableness of the choices before us, we think that is the most reasonable choice we should follow. In fact, it was confirmed by the people of Alberta in the most recent election. They saw that we had taken and adopted a financial plan which took us from the disastrous 1986-87 year into a very strong recovery in 1988-89, which we expect will continue through 1990. As a result, we used the fiscal power of this government to stimulate the economy, to take us through this difficult period, and to ensure that the level of services in this province, ones to which Albertans have become accustomed, could be accommodated. In doing that we think we have taken the reasonable path.

In terms of the ability to pay, Mr. Speaker, there is no doubt that this province is probably in one of the strongest financial positions of any province in Canada. Despite the misleading statements by some members of the NDP party, the government is in very good shape. The heritage fund is strong; it continues to transfer money through to us. What is important is that the net revenue generated by investments is, in fact, more than the cost of borrowing, and at this point the government of Alberta has more assets than liabilities. So on that basis, Mr. Speaker, this province is in very good shape.

But what is a successful measurement of the proof of our policy is that the economy is now recovering, recovering to such a significant extent, Mr. Speaker, that our fundamental indicators, as I've expressed in this House before -- and I won't bore the members with those details -- are very powerful, showing the return to prosperity which we predicted in 1987 and

which, in part, is an outcome of the fiscal policy and planning we outlined for you in 1987: one of moderate increases in taxes and one of using the fiscal resources in this province to ensure that economic growth and the kinds of levels of service are continued and that prosperity returns to this province.

Well, it's working. It's happening. So in terms of the choices that we had to make at that time, we think we made the right choices. We think the province can afford to pay the borrowing costs, and with all good intentions, Mr. Speaker, we know that once this balanced budget is in place, probably in 1991-92, we will start to reduce the stock; we will start to reduce the debt which is outstanding, which is our clear intention. We know we have the opportunity in this province, unlike many provinces, to be able to reduce our deficit and reduce our debt subsequently. We are in a very good financial position. The province can afford the level of borrowing which I'm recommending to the Assembly in this Act today. We think that given the balance of our fiscal position, the process of gradualism towards a balanced budget, the strength of the economy, the confidence of the private sector, and the ability of this province with its resource base and its heritage fund to withstand the shock that we did in 1987 is truly remarkable.

I think we are on course, Mr. Speaker. We have presented a very balanced plan. This, on an annual basis, is our request for additional borrowing capacity to allow us to borrow probably about \$1.7 billion, not to the full amount of \$9.5 billion outlined here but enough, as we outlined in our fiscal plan, to ensure that we can manage through the next period, moving towards a balanced budget by 1991-92. So while there are some substantive issues in this Bill that I've already dealt with, and particularly the question with respect to the increase in the capacity to borrow, there are, I think, other so-called routine adjustments which are necessary for us to run this government effectively and efficiently, to manage the financial resources which are given to us by appropriation, and to ensure that proper financial controls are in place -- for the heritage fund assets in particular -- and to assure that efficiencies and reduction of costs, always foremost in the minds of our officials who operate this government, can be effected in legislation.

So I move second reading of this legislation, Mr. Speaker.

MR. SPEAKER: Thank you.

The Leader of the Opposition.

MR. MARTIN: Mr. Speaker, it's quite appropriate to walk in just at Bill 10. I know the Treasurer would be extremely disappointed if we didn't have a few words about what we call the deficit and Deficit Dick. You know, it's like the old optimist/pessimist story: an optimist is someone who believes in Conservative economics; a pessimist is someone who understands Conservative economics. That is, I think, very appropriate as we deal with Bill 10, the Financial Administration Amendment Act, 1989.

Now, there are many parts to the Bill. But I guess -- and I think the Treasurer would agree -- it has to deal with section 8.

Section 65(1) is amended by striking out . . .

No major problem here.

. . . "\$7 500 000 000" and substituting "\$9 500 000 000".

Just by a stroke of the pen, Mr. Speaker, we have \$2 billion more.

[Mr. Deputy Speaker in the Chair]

Now, this Treasurer and this government talk about money management. I always love it when he gets into the rhetoric about nobody else understands business as well he does. I've heard them say, "Spend, spend, spend." Well, even if we tried, even if people on this side of the House tried, they couldn't spend more than this government has. They'll have, at the end of this fiscal year, an over \$10 billion consolidated debt. That's not performance, Mr. Speaker. The rhetoric they gave about being prudent financial managers -- we know how prudent they were with the Principal Group; that has cost us a lot of money. We now know the debt. These are the great, shrewd business types. We know their strategy. Have the corporations come around and you just throw money at them; just throw money at them and, boy, somehow that will stimulate the economy: the old trickle-down theory alive and well in jolly old Alberta under this particular Treasurer. And then they have the nerve to say that they're good fiscal managers; raising Bill 10 from \$7.5 billion to \$9.5 billion and then having the absolute gall to say, "Boy, are we good managers."

Well, I can imagine if the Treasurer was over on this side of the House and we brought a Bill in like that. I can just see the rhetoric that would be flowing from the Treasurer's mouth. I can just see it now. I'm sure he would be in great oratorical splendour if that was the other side with a Bill like this. And then . . .

MR. JOHNSTON: I never want the chance.

MR. MARTIN: Oh, you're going to get the chance, hon. Treasurer, maybe if you get elected in Lethbridge. The point, Mr. Speaker, is . . . [interjection] Well, one of you may be going for leader at that time; I don't know. Mr. Speaker, I think the hon. Minister of Energy was a little worried about the Treasurer taking over the other day for his leadership bid.

But let's look at the record of this government since the hon. Treasurer has become Treasurer. He wants to talk about performance: a prudent fiscal manager. Here it is, Mr. Speaker. The first time, in 1986, we had a similar Bill. We brought it in. All of a sudden we went from \$2.2 billion to \$5.5 billion. Prudent management? Well, it doubled the debt in one year. Then in 1987 it came back and went from \$5.5 billion to \$6.5 billion. Then in 1987-88, another billion dollars. What's a billion, you know, to the Treasurer over there? Up to \$7.5 billion, and now we're going up another \$2 billion to \$9.5 billion. So since this Treasurer has been Treasurer, our debt has gone from \$2.2 billion to \$9.5 billion. That's performance, Mr. Speaker? That's performance? And he wants to talk about prudent fiscal management and how nobody else understands business. My God, you'd really have to try hard to take us further in debt than that, wouldn't you? For the record, Mr. Speaker, for the record.

But we know why we have the debt. During the good times, talk about spend, spend, spend, and they did it. They thought the good times were going to roll here in Alberta forever, and when the money was coming in, they were spending it. Then, to top it all off, they panicked. They said, "Gee, let's go into deregulation." Just when the world price of oil was going down: "Let's buy into deregulation." And you remember back in 1980-81, when 51 percent of our revenues came from that source, even if you believed in that philosophy, it didn't make any sense to go into deregulation when the price was going to go down. Then, to top it all off, Mr. Speaker, more panic: over \$12 billion between 1982 and '86 to the oil industry under the

guise of job creation -- well, there were some jobs created, but I guarantee it wasn't \$12 billion worth of economic stimulation at that time -- all the time adding to our debt.

And of course we could go back -- it's ancient history -- to the time when the money was flowing in. It was the time to try to get diversification into this province, but we forgot all about it. And you know, what's sad about it is that the old saying that Tory times are tough times is really coming true. Not only with the Conservative administration here in Alberta, but we see what the federal Conservatives are doing with their goods and services in finding new ways to tax people in every possible way, Mr. Speaker. So I say that the old saying "Tory times are tough times" is really true.

But let's look, if we can, at the future, Mr. Speaker. I expect that sometime -- it won't be a year from now -- in March or April the hon. Treasurer will stand up, and maybe it will be Bill 11, 11A, or something, and he'll have to say: "Oh, guess what? We're going to have to raise it again." Nine point five to 11 or something. I predict that that will happen again, and the Treasurer knows full well, with the deficit that he's talking about next year, that that will happen. But the Treasurer, you know, gives the rose-coloured view of things, Mr. Speaker: everything's always just around the corner; we're turning the corner. Well, he's been wrong before. I don't think he's ever even come close to actually projecting the correct revenues since he has been Treasurer. Admittedly, it's a difficult job, when we're with deregulation that they wanted, and figuring out the price of oil. The Treasurer will argue that his prediction -- I believe it was \$19.50 -- that many times it's been higher than that in the first six months. But I also remind the Treasurer that the price on Friday was \$18.50, I think; I haven't looked today. And there are some projections that many economists are making that that price is going to drop even further, Mr. Speaker. So there's nothing to say that that deficit might even be higher. We hope it isn't; we sincerely hope that it isn't. But there's nothing to say that it won't be.

Also, Mr. Speaker, we must remember that this doesn't include the unfunded liabilities of \$4.9 billion. And I well understand that they're not all going to become due overnight or today or tomorrow. But, as he knows, the Auditor General has talked about it. It still is part of the overall fiscal picture of our province, and we have to look at it in the long term. It doesn't include what might happen. We had some examples -- albeit in terms of dollars perhaps not a great deal of money -- with the loan guarantees, all the money we have given out in loan guarantees, and we've had a rapid increase in those. If that goes sour . . . In '86-87 we had \$140 million, a little over, in loan guarantees outstanding; in '87-88, \$146 million; in 1988-89 it jumps up to \$876 million. Now, if those don't come forward, that's another possible debt we could be facing.

So I say, Mr. Speaker, with all due respect to the Treasurer, that the picture is not as rosy as he might want to make it out. But I think he understands that full well. I think he knows the truth. I think he tries to put the rhetoric on. The old saying -- I shouldn't say it -- BS baffles brains every time, I think is what the Treasurer works on a lot of the time. But I want to say to the Treasurer that I believe and still do believe that just as they did back after '86 -- we had a budget come in, sort of a status quo budget. We heard some of the same rhetoric: progress was just around the corner, and there'd be no tax increases. And then remember what happened in '87, Mr. Speaker? We had tax increases on working families and severe cutbacks in the people

services like education and health care. They gave us the idea at that time that it was a necessity because of our debt and our deficit, that we were all living, you know, high on the hog; we had to tighten our belts. Well, what's the difference now? The only difference is that our debt is a lot worse than it was back then.

So I think we're going to hear and see in the fall a very orchestrated effort by all the cabinet ministers. They'll all be running out. All of a sudden there'll be difficulties that are tougher than anticipated. We're all going to have to tighten our belts again. You'll see one cabinet minister after another going out and saying, "Well, times are tough, but we have to be fiscally responsible." Mr. Speaker, I predict that we're going to see the same sorts of cuts in the people programs as we did in '87, and we're going to see some tax hikes again. We've already seen some from the first budget, but I think we're going to see some huge tax increases as this Treasurer tries to deal with the debt that they've created.

So again, Mr. Speaker, it's part of what I talked about during the election: the hidden agenda. Either they're going to do that, or that debt is going to keep going up and up and up and up. Maybe I'm being too conservative -- I would hate to even use that term "too conservative" -- and maybe that debt will be \$12 billion instead of \$11 billion when he comes in with the Bill next year. But I expect that, no, they're going to try to take it out of the pockets of working families; that's where they're going to go. The leopard never changes his spots, especially when it's a Conservative government. Again, as I said, the old idea of Tory times being tough times I believe will again be coming true.

Mr. Speaker, I want to say, though, through you to the Treasurer, that I do not see any means by which we're going to get this debt down. The Treasurer likes to give the rhetoric about prudent fiscal management, but when you're going up by \$2 billion in one year, and when you've gone up, as I mentioned, from \$2.2 billion to almost \$10 billion in the last four or five years, Conservative governments are supposed to be concerned about that. But I don't see any way we're going to get out of this, and knowing this government, they won't look for revenues, as we've suggested, in a fair taxation system, to have some of the corporations that pay the lowest in the country -- and contrary to what the Treasurer said, they don't all flock out. Even when his buddy Ronald Reagan brought in the minimum tax, all the corporations didn't flood out of the United States. Even Ronald Reagan -- even Ronald Reagan -- understood that maybe they should just pay a little bit. But he was far too progressive for this group, far too progressive for our Conservatives here to understand. Well, maybe Maggie Thatcher is his hero now.

But we really do see the results of Conservative economic management, Conservative economic planning. It's a sad day when we have to stand up and say there's a \$9.5 billion debt in this so-called rich province. And there's nobody to blame but this government, Mr. Speaker. They're the ones that have taken us there. They can call it shrewd fiscal planning that we've gone into debt and give us all the rhetoric they like, but the bottom line is that we're in serious trouble. If you want to match even the heritage trust fund off, I expect we've blown that when you put that debt there, put the two together. We know that we're in deep trouble in this province.

But there's not a lot you can do when this Bill comes in at this particular time. You're going to have to get the money

somewhere, Mr. Speaker. I understand that. So there's no point in saying you're going to fight a Bill like this, because it would be irresponsible. But I want to see. I'm certainly going to be curious to watch the next budget, and I'll tell you, we're going to watch and see where we're going with our debt. We'll also watch carefully to make sure it's not coming out of the hide of working families because of their mismanagement. So it's going to be a very interesting session next time. We will see the real agenda when we come back in February or March or whenever we come back, and I look forward to that particular time. I sincerely hope for working people that I'm wrong, that Magic Johnston or Deficit Dick or whatever he wants to be called these days...

AN HON. MEMBER: Tricky Dick.

MR. MARTIN: Tricky Dicky. Well, nice tie anyhow. I love his ties. I think he's trying to blind us to the debt over here when he brings it in, Mr. Speaker.

But the reality is that it's going to be interesting to see how he can start to bring down the debt, not increase taxes, have the price of oil go down at the same time. I think he's going to have to be a magician to do this one. I know he's nodding there. Well, we will watch and see in the future, Mr. Speaker.

Thank you very much.

MR. DEPUTY SPEAKER: The hon. Member for Calgary-Buffalo.

MR. CHUMIR: Thank you Mr. Speaker. The way the Provincial Treasurer has been running the finances of this department, you'd think he'd been taking his advice from Cheech and Chong. Now we find that from a province that was totally free of debt just four years ago, we have a Bill before us to increase borrowing from the current level of \$7.5 billion to \$9.5 billion. This is needed, we're told, because the current borrowings, a total of \$6.6 billion -- we know we have an estimated admitted deficit of approximately \$1.5 billion. We've seen evidence of why it's likely to be closer to \$2 billion. At that rate, if we do have a deficit of \$2 billion, this leaves us only a \$900 million cushion. Then we look at other factors impacting on the province. We have the liability with respect to the Principal affair. We have the increase in the price of the Canadian dollar. Our budget was estimated on the basis of an 81-cent dollar. It's now 85 cents. These all impact on the deficit. Last year, of course, the crystal ball gazing guru who has presented this Bill estimated that our deficit would be \$671 million and we came in at \$1.738 billion, only a 300 percent difference.

Now, the minister tells us not to worry. Why worry? Let's be Pollyannas, because we have more assets than liabilities. Well, the minister has been eating too much baloney, and he's passing some of it out to the rest of the House. The fact is that he admits there is \$6.6 billion of borrowings. We know because the Auditor General -- whom they try to hamstring as much as possible, but not successfully in this instance -- has told us that we have over \$8 billion of unfunded pension liability for which the people of this province are responsible. Now, cut the goose any way you want, that is a liability of the people of this province. That's \$14.6 billion -- I didn't even need a calculator to tally that one up -- and our net assets are \$12.5 billion as established in the heritage fund financial accounts. That certainly doesn't sound to me like liabilities are less than assets. In fact,



for the first time in many, many years this province has turned into a net debtor province. This, of course, totally overlooks the liability we have, which is in the range of \$2.5 billion to \$3 billion from guarantees by this province of the indebtedness of many of the corporate enterprises taking place at the present time. Of course, we could very well get stuck with large chunks of that indebtedness.

The interest payments, of course, are a problem. They begin to eat you alive. We've seen that at the federal level. This year interest costs are estimated to be \$825 million plus. Next year they will surely total over \$1 billion. We're very quickly getting ourselves into the same situation the federal government is in, where you have to run faster just to stand still and to pay off your interest rates. These, of course, aren't just numbers, Mr. Speaker. What we see is that this government is mortgaging the future of Albertans. It's symbolic of the very poor management of the finances of the province over the years. When we were wealthy, the government spent money like they were sweepstakes winners. The waste, the giveaways, were atrocious, and they haven't really learned the lesson yet.

It would be remiss of me not to mention probably the single most important decision which has led to the sorry financial problems of this province, and that is the decision in 1985, made with much celebration in Tory circles, to deregulate oil and gas under the Western Accord, done at the very worst time, with no protection given to this province in the event of the precipitous decline which was then foreseeable. Our negotiators did not do the job for us. If you ever want to make a big mistake, that was it. That was the multi, multi, multi billion dollar big mistake. We saw that when we had high oil prices, that was the problem of all Canadians; we were going to share that. But when oil prices collapsed, our negotiators should have taken that into account when they negotiated the Western Accord, and they failed to do it. It was a terrible negotiating job, and we're all paying for it now.

Now, Mr. Speaker, one aspect of our budget and of this legislation that causes me some concern is that the Provincial Treasurer seems to have given up taking current steps to deal with the serious economic and financial problems of the province. We see that from the absence of a plan to deal with the deficit. We find that spending is up. We've got a problem; spending is way up. We've got a deficit problem. We find that there are tiny tax increases. Obviously the issue is not being tackled.

[Mr. Jonson in the Chair]

Now, last year and the year before and the year before that, the Provincial Treasurer had a plan in his budget. Where is the plan in terms of the balancing of the budget? He says that it's probably going to be in 1991-92, but that's just off the top of his head. We've no statements, no projections, and no economic data to justify that. Really, the philosophy of this government is like that of the American government. During the Johnson era, when statistics showed that rather than the differential between low-income Americans and high-income Americans declining over a five-year period, the differential actually increased, they took drastic action: they stopped publishing the statistics. That's the kind of drastic action this Provincial Treasurer has taken. He stopped publishing a financial plan. The only policy we do see is that the Provincial Treasurer and this government have rolled the dice and they're betting everything, our whole

fiscal regime, on the hope that natural gas sales and revenues will increase to the point of skating this government inside within a reasonable point of time. Well, it may happen -- I hope it happens; we need it -- but the fact is that that is a gamble. It's like talking about being all right when our ship comes home. But what if the ship doesn't come home? That's the problem here. All our financial planning is being done on the basis of the natural gas ship coming in, and we know how fragile and uncertain that can be.

MR. ACTING DEPUTY SPEAKER: Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Speaker. I can't believe the Provincial Treasurer will still continue to talk about his fiscal plan as if it were a plan and his management as if it were good management. I mean, if nothing else, I'd have to give him high marks for being brash, but beyond that I can't see how any of his self-congratulatory speeches have any relationship to the reality of this government's financial affairs. You know, I guess what we're in now is the final phase of a process that was set in place with the budget address delivered what seems like many months ago. But I find it interesting just to revisit that speech for a minute or two and have a look at what the track record really is for this Provincial Treasurer.

In the last fiscal year, 1988-89, a little over a year ago when he brought in his budget, the Provincial Treasurer estimated that the fiscal year ended just this last March would have a budget deficit of \$671 million. Now, we see in this book, a speech of just a little while ago, how well he did, Mr. Speaker. Did the province of Alberta come in with a \$671 million budget deficit? It was \$1.738 billion. It was almost three times what he estimated a year ago. Now, if we then include in that figure the spending under the capital projects division of the trust fund -- which he did include in his Budget Address for 1988, the year previous -- if we add the \$164 million that was spent last year in the Capital Fund, we get a budget deficit of \$1.9 billion. No wonder the Provincial Treasurer has to come into this Assembly this year with an administration amendment Act requesting an increase of \$2 billion in the indebtedness of the province. And he calls this a fiscal plan? I don't know how you could call anything a plan when you start out expecting or saying that you're going to have a deficit of a little less than \$700 million and you come in with a final result that's close to \$2 billion. What kind of plan is that? Is it a plan to misrepresent? Is it a plan to deceive? Is that the kind of plan? I can certainly say it's not a good management plan.

Now, we have in this Budget Address for the present fiscal year a budgetary deficit estimated at close to \$1.5 billion, but again, as has been previously pointed out, that doesn't include \$141 million under the capital projects division of the heritage fund. That means it's over \$1.6 billion, Mr. Speaker, and I have no idea whether the Capital Fund is included in that or not. I suspect not. According to this same document, that's an additional \$232 million in borrowing. This brings us to a budget deficit for this year of close to \$1.8 billion. Now, I can't see how anybody could believe that that kind of debt each and every year can be termed good management. I can't see how anybody could believe that this is subject to a fiscal plan. I don't see how anybody could believe that this kind of spending-out-of-control policy could in any way, shape, or form be called a plan or management. It's a bad plan if it is one, and if it's management,

it's bad management.

Mr. Speaker, the Provincial Treasurer has the audacity to stand up and say that if the New Democrats were the government, we'd blow the Heritage Savings Trust Fund. Well, if we've got a debt in this province of \$9.5 billion and an unfunded pension liability of \$4.5 billion, there's the heritage trust fund gone already. We haven't done anything else but form the Official Opposition -- that's as close as we got -- and this Provincial Treasurer has blown it all. It's gone in the time since he began being the Provincial Treasurer until now. The whole trust fund, the equivalent of it, has disappeared, and he calls that good management. He calls that a good plan. I can't understand how he would have the audacity to stand up in this Legislature and try and foist that off on us.

Then, Mr. Speaker, he went on. I think I heard him correctly. I'll have to check *Hansard* to see if this was correct, but I think he also led us to believe that he was going to be able to balance the budget in 1991-92. Well, I was so shocked by that; I couldn't believe I heard him say that. I didn't hear anything else he said after that. You know, I go back to the budget speech this Provincial Treasurer tabled in the Legislature not too many months ago. Here we have a little graph in this speech. He made reference to the future. The future is the 1989-90 fiscal year. That's as far as it goes. The last time I looked, that was the fiscal year we were in. Even then, taking him at his word -- which I don't -- that's a \$1.5 billion deficit. Now, I don't know how the Provincial Treasurer would expect to get us from a deficit of \$1.5 billion to a zero deficit in two fiscal years, unless he's planning a very draconian budget next year and the year after that in which he's going to substantially raise taxes and cut necessary people services.

We've heard this Provincial Treasurer say many times in this Assembly that Alberta this year is presently having the highest rate of growth of any province in the nation, and on and on and on. Assuming he's correct, taking him at his word, expecting him to be up front and straightforward on that particular issue, even then, with the highest rate of growth, Mr. Speaker, he plans a reduction this year of only \$245 million from the forecast 1988-89 deficit. Without raising any more taxes than the tobacco tax, without making any more cuts than the cuts that have been made in this year's budget, and banking on the highest growth rate of any province in the country, this Provincial Treasurer can only see in his forecast a reduction of the deficit of \$245 million in this fiscal year. Now, let's just assume there are no tax increases, as the provincial Premier promised us in the election. Assuming that this so-called good news the Provincial Treasurer foists off on us every day in the Legislature continues on for the next two fiscal years, even assuming all those constants remain the same, how in heaven's name is this Provincial Treasurer going to reduce the deficit of this province and bring in a balanced budget two fiscal years from now? How is he ever going to overcome a yearly deficit of \$1.5 billion without raising taxes or without making cuts to necessary people services? How is he going to be able to do it and keep all the promises the Premier has made?

Mr. Speaker, when I was a small child, I liked to go to bed with fairy tales, but never in my life did I hear a fairy tale as great and big -- a whopper -- as that one. Maybe it's tales according to Grimm or something that we're now hearing from this Provincial Treasurer, but quite frankly, if this Provincial Treasurer is simply banking on expanded growth in the Alberta economy, it ain't gonna happen. That is, assuming his own

projections here are accurate, all he can attribute to an increased growth in the Alberta economy for this year is \$245 million. I would assume that would carry on into the next two fiscal years. Even with the happiest construction, the rosiest construction, one could put on his own budget figures, we're never going to come anywhere close to a balanced budget unless this Provincial Treasurer raises taxes in a dramatic and Draconian way.

You know, if he's going to raise the taxes, he'll have to then try and convince the people of Alberta how it was that this government could campaign on a platform of not increasing taxes and then turn around a year later and give it to them right in the pocketbook where it hurts, a swift kick to the rear end. I don't see how this Provincial Treasurer can have us believe that we will in any way, shape, or form come close to a balanced budget in 1991-92. And, Mr. Speaker, I'm just using his own figures.

Being more realistic, as I've already pointed out, the deficit for the fiscal year we're in is going to be far closer to \$2 billion, not \$1.5 billion as the Provincial Treasurer has pointed out. For example, areas they expect revenues to come in from -- just say, for example, the federal government. The federal Finance minister has already made announcements that they are going to slash the transfer payments to this province by a significant amount. The Provincial Treasurer is banking on the Prime Minister coming through with his \$195 million stabilization payment. You know, we heard the Prime Minister not too many months ago give a warning to the provinces. He said, "Provinces, get behind this sales tax; don't resist this sales tax, or you will face the consequences," without spelling out what those consequences might be. Here's an example where the federal government could say: "Okay. You want to continue to protest this national sales tax we're introducing? Face the consequences, Mr. Alberta Provincial Treasurer. How about forgoing \$195 million from the federal government on the stabilization payment this year? How about forgoing another \$300 million after that that you think you're going to get from us? We'll see how long you're going to keep up your opposition to a federal sales tax."

Sales of Crown leases, Mr. Speaker. Banking on revenues from royalties. We've already seen what the Canadian dollar is doing. We've already seen how the estimates for revenue from the sale of oil may not come anywhere close to satisfying the estimates in this provincial budget. So any way we look at the estimates that were presented to us in the Budget Address of 1989, this Provincial Treasurer's estimates have to be optimistic at the best and in fact the fiscal state of the province is going to be far worse at the end of this fiscal year than the sunny optimism of the Provincial Treasurer. Mr. Speaker, when this Provincial Treasurer took over, a \$2.2 billion debt. That at least could have been manageable. But now we've come to a \$9.5 billion debt, and there's every indication that it's simply going to continue to grow and grow and grow far into the future.

[Mr. Deputy Speaker in the Chair]

Now, where do deficits come from? It may seem elementary, but by definition the deficit is simply the difference between the spending you do and the income you take in, the taxes you collect. Logically, Mr. Speaker, a deficit can result from taxing too little as much as it can result from spending too much. It's significant to me that we've watched in recent weeks a celebration of the 200th anniversary of the French Revolution. Well, I don't know how many people might be aware of the fact

that Marie "Let Them Eat Cake" Antoinette was called Madame Deficit. The wealthy classes in France were totally exempt from paying taxes -- they got a free ride -- and the lavish expenditures of the well-to-do in French society were being paid by incredible taxes on the backs of the poor and the middle class. They wouldn't take it anymore. That's where the French Revolution came from. What we see happening in our own time is maybe a pale echo of that by comparison, but it's not far off from the same trend, Mr. Speaker, that this government is allowing some people to get by without paying their fair share. Now, I've already let the Provincial Treasurer know of some areas in which he could make the tax system a lot fairer. Let some people who aren't paying any taxes at all, who are wealthy and well-to-do and can afford to pay their fair share, be taxed. With the income I've suggested to him, he could easily start to make significant reductions in this deficit.

You know, Mr. Speaker, you wonder why Conservatives let this deficit happen. I hear the Provincial Treasurer telling us, for example: "If the New Democrats ever got close to managing the financial affairs of the province, you just watch out; it would be a terrible disaster." Mr. Speaker, we certainly couldn't do any worse than this Provincial Treasurer. If you want to know what some of the international comparisons are, the deficits not only in Alberta but elsewhere in Canada and around the world are the result of Conservative right-wing governments refusing to tax the rich. That's where they come from. Deficits in those countries are far more prevalent for that reason than they are from left-wing governments overspending on the poor. In fact, one only needs to look to our sister province next door, Saskatchewan, in 1982. That was a debt-free province. [interjection] In fact, I heard the word Manitoba. The last fiscal year of the Howard Pawley government, they ran a budget surplus. I haven't seen a budget surplus out of this government since I took my seat in this Assembly almost four years ago, Mr. Speaker.

This Provincial Treasurer might laugh; he hasn't been able to produce a budget surplus since he's taken over the job. I don't see how he has any right to point fingers at anybody else. If we look at his management, all we see is a sea of red ink washing over the ship of state, and it's just getting deeper and deeper and deeper. All the bailing out that we're frantically trying to do over on this side of the House by giving him suggestions of where he can find some more buckets, to all of those he says: "No, I think we'll continue to let the red ink wash over the bow here and sink us lower and lower. Thank you very much; we won't use your suggestions." Well, I think if this Provincial Treasurer is not getting alarmed yet by the size of the debt in this province, he has no business being the Provincial Treasurer.

Mr. Speaker, the truth of the matter is that there are lots of people in this province who could be paying their fair share and they're not. As a result we're seeing tremendous increases in our deficit, and I don't know of any other provincial government anywhere in this country in which the debt is rising faster than it is in Alberta.

So what we're going to see -- I predict it -- in the years to come, next year, the Provincial Treasurer will say: "Oh, you remember that sunrise I was talking about, you remember that sunrise where all this great economic activity was starting to happen in Alberta; well, oops, we're just going to have to take another billion dollars in taxes from ordinary working Albertans. That's what we did in 1987, a billion-dollar tax grab, the huge bulk of it taken right out of the pockets of ordinary

working Albertans." He's going to say: "Oh, that sunrise that I was talking about last year, I must have wakened up too late in the day. I guess it really was a sunset, but I didn't realize it at the time. So, Albertans, we're going to have to soak you one more time or maybe even a couple more times. We're going to have to bring in, if we're going to balance our budget by 1991-92, massive tax increases. And by the way, that health care system that has been serving Albertans so well for so long, oops, sorry; we're going to have to make some cuts there. It's getting too expensive. We're going to have to make cuts in necessary social programs that benefit ordinary Albertans. Those are going to have to go, but if any of these companies under duress come to our office and make a nice pitch and if it shows up that they happen to have given us some campaign donations and they want loan guarantees, well, that's the way we conduct free enterprise in Alberta."

The Provincial Treasurer is going to give them more loan guarantees, more grants, more handouts, more exemptions, because after all, Mr. Speaker, we're going to have to stimulate investment. The way we stimulate investment in free enterprise Alberta is government intervention, government help, government bailout, government assistance in all its many forms, and by golly, you know, they've got so many forms for free enterprise assistance in this province that we don't even have room and ways and means to put them in the public accounts. I mean, the Provincial Treasurer has devised all kinds of ways of committing the province to liabilities that you don't even need to put them in the public accounts and report them. They've got so many that there's an embarrassment of riches. They're embarrassed to put them all in the public accounts to show the people of Alberta how exposed the government of Alberta really is.

MR. JOHNSTON: Such as?

MR. HAWKESWORTH: Oh, well, let's take a look at these loan guarantees, Mr. Speaker. They've got lots of them that don't even get reported.

So that's this government's hidden agenda. You know: "We'll tell the people one thing in the election, and then once we get safely in, we can get back to what we're really about, and that's dismantling a lot of the social programs that have meant a lot to Albertans, cutting services to the poor, hitting people with tax increases, making the middle and lower income people of this province who pay the freight pay some more." That's their strategy, Mr. Speaker. This government has all kinds of ways of providing money to their friends and helping them out and giving them a leg up, but when it comes to giving a break to the ordinary Albertan who pays the freight, you just watch it a year from now. This Provincial Treasurer is going to start saying: "Oh, we're getting overwhelmed by this deficit. The debt is so big that we're going to have to take drastic action." Then we're going to be back to their true agenda of making cuts to the services and increasing taxes to Albertans. That's what this government's about, and I predict that that's going to be the result of these changes in front of us today asking us to increase the indebtedness of the province to \$9.5 billion.

Now, in the few minutes remaining to me this afternoon, just so the other aspects of this Bill don't go without some comments, I take it that the changes that are being made in the Act as it refers to benefit funds has something to do with the most recent Report of the Auditor General, saying that proper legislative authority does not exist for a number of the benefit funds

presently under the administration of the government. I'm going to make the assumption that this is simply the enabling legislation to comply with the observation made by the Provincial Auditor General, that being the reference in Bill 10 to benefit funds, participants, and the sections which follow. If my understanding on that is not correct, I would hope the Provincial Treasurer would take the opportunity in his closing comments to tell me that's not correct and describe, then, what the reason is for that section.

As well, Mr. Speaker, I was interested in this section which makes reference to pooled funds. It falls into a category under the Act which makes reference to mutual funds and pooled funds. I'm not sure whether this refers to some enabling legislation that would allow the Treasury Branches to market some kind of pooled fund to the public or not. I'm not sure whether that's the intent of this section of the Bill. Again, if my assumption or understanding on that is not correct, then perhaps the Provincial Treasurer could make note of that and correct my understanding on that.

[Mr. Speaker in the Chair]

So, Mr. Speaker, those are more the details. The key element of this Bill obviously is the growing indebtedness of the province and the inability of this government to come to grips with that and deal with that in a fair and just way.

MR. SPEAKER: Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Speaker.

I wanted to start out with a few questions. Section 4 on page 1 makes an amendment, and I guess we'll just ask the Treasurer, perhaps, to give us an explanation at Committee of the Whole or perhaps at windup today. I noticed that it deletes the words "including those agencies listed in section 2(5)," which I looked up, and that's boards of universities under the Universities Act, board of governors of the Banff Centre, some of the other technical institutes, some of the hospitals and that sort of thing, the Cancer Board and so on, that are not now included in the consolidated statement of the province.

I guess what I'm asking is: by removing that expression, does that mean that section 2(5) is now in or out? The reason I ask that question, Mr. Speaker, is: if you are, for instance, saying that something's going to affect all mammals and including cows, you could delete the "including cows" and you would still include them because they are a mammal. I am not sure what definition he is using for provincial agencies, so therefore I don't know whether it includes those things which are now to be deleted or not. Perhaps the Treasurer could explain that for us.

Another section I wanted to ask about was on page 2, section 5(b)(3.2). It says:

An account charged to a fund pursuant to subsection (3.1) shall not include the administrative costs of the part of the Treasury Department that is responsible for managing [the investment fund].

I guess I'm asking the Treasurer why. It would seem to me that any fund that purports to invest on behalf of the government, the costs of that fund should be . . .

MR. SPEAKER: Order. Order please, hon. member. We're back to second reading. While it's good to give some kind of quick notice about some various details, please let's go to the

broad overview. There should be time in Committee of the Whole.

MR. McEACHERN: I was just flagging them. I wasn't particularly intending to elaborate a lot and would expect the Treasurer to answer them at Committee of the Whole.

I also would like the Treasurer to address section 7 on page 3 where the Provincial Treasurer can set up and establish and maintain one or more consolidated cash investment funds, of which he is the trustee. I'm wondering why we need more than one Consolidated Cash Investment Trust Fund. It seems to me it's a little bit of a penchant on the part of Conservatives to not only set up a company but to set up subsidiaries and subsidiaries and subsidiaries and related and affiliated companies. It seems to me the Treasurer does the same thing with his handling of the public finance. It makes it more difficult to keep track of all the different things that are going on. So I wonder why one Consolidated Cash Investment Trust Fund is not enough. Those are some of the sort of smaller questions I wanted to ask.

Of course, the main point of the Bill is to raise the borrowing power of the Provincial Treasurer from \$7.5 billion to \$9.5 billion. One can't help but laugh at the Treasurer. In fact, he got the answer the other day when he stood up in this House and said that he was such a prudent manager of the economy of this province. He says that as a matter of principle, and we laughed him down as a matter of principle because the Principal fiasco shows what a great manager this government is -- not just the Principal affair but the handling of the heritage trust fund and the deficit and this fiscal plan that he likes to brag about. The fiscal plan was nothing more than a series of guesses as to what our deficit would be each year over the last three or four years, and the Treasurer has been miles off every time. In 1986-87 they said it was going to be \$2.3 billion. Well, it turned out to be \$3.4 billion, and that wasn't even the consolidated debt. The consolidated debt was \$4 billion. But using just the \$3.4 billion on the deficit, the budget side, that was nearly a 50 percent mistake. In 1987-88 when he decided -- of course, he warned everybody, you know. "Big deficit; going to have to raise taxes and pay this deficit and get on stream for getting to a balanced budget in three or four years' time." He said that the deficit would be \$1.93 billion. He was only wrong by 45 percent. Turned out to be \$10.06 billion. Fortunately, at least that time it was the right way around.

AN HON. MEMBER: Ten, you said.

MR. McEACHERN: Oh, yes; \$1.62 billion if you want.

MR. SPEAKER: Order.

MR. McEACHERN: The next year it was even worse, in 1988-89. Now, of course, this year you've got to understand they were thinking of going into an election, and they called an election early. It shouldn't have been a pre-election budget, but it turned out to be. He said that the combined deficit would be just \$835 million. Then in December he said, "Oh gosh, I made a mistake of \$536 million." Mr. Speaker, he made a mistake of over a billion dollars, and he knew it at the time, but because he was going into an election, he wouldn't own up to the people of Alberta. He knew that the increase in the deficit was going to be twice what he said it was. He was only out that year by 127 percent in terms of his guess at what the deficit would be. Now,

I submit that that's his fiscal plan each year: to guess what the deficit is. Each year he's missed it by an incredible amount. Then he's got the gall to stand here and try to tell us that he's a great prudent manager of the economy and right on target. He and the Premier ran around this province prior to the election saying "Right on target" after that December 6 release. "Oh, yes, we're right on target." Well, they were on target all right, on target for an election and for hoodwinking the people of Alberta into believing that things weren't as bad as they were.

As if that wasn't enough, when he brought in his budget this year, he decided to try to hide the deficit even more by changing the accounting practices and leaving out the cost of the heritage trust fund expenditures from what he usually called his combined deficit -- or "fiscal financial plan" was actually the term he used to include both of those figures.

So, Mr. Speaker, this Treasurer has tried to con the people of Alberta. I would suggest that his plan is nothing more than what is prudent from the point of view of getting maximum political advantage to his party. When the election's coming, promise the moon, anything goes. Because it's too obvious if they switch too severely, the only thing they did this year was bring in a little tobacco tax and raise medical premiums, which they claim is not a tax. But next year, look out; it'll be a repeat of 1987-88. They'll start this fall; they'll orchestrate it this fall and talk about the deficit and how terrible it is and how they're going to have to do something about it and the people of Alberta are going to have tighten their belts. But guess who's going to be tightening their belts? It isn't going to be their rich Tory friends; it isn't going to be the big businesses. It isn't going to be Imperial Oil. Imperial Oil likes that goods and services tax, by the way, did you notice? You should tell them about it, tell them why you don't like it. The fact is that it's part of the free trade agenda that you guys bought into with the Mulroney government.

MR. SPEAKER: How's this Bill doing?

MR. McEACHERN: Well, we're asking for a borrowing power of \$9.5 billion, and he's telling us that that's part of a fiscal plan. So these are fiscal matters that we are talking about.

MR. SPEAKER: I don't think Imperial Oil is really part of the Bill somehow.

MR. McEACHERN: Well, Imperial Oil should be part of the fiscal plan and should be paying their fair share of taxes, Mr. Speaker.

MR. SPEAKER: Thank you. Let's go back to the Bill now. The Bill before us, hon. member.

MR. McEACHERN: To decide that we should have some corporate taxes of a just nature was talked about earlier in this House in this same debate. In fact, if Ronald Reagan can bring in a minimum tax without scaring off all the businesses, this government should be able to. It's just nonsense that they think they can't tax their corporate brothers. It's just a matter of attitude and who should pay, and they just see to it that the working people pay all the time.

As to the deficit scare that we're going to get out of these guys this fall, I have a little article here by somebody talking about the federal deficit, but I think an appropriate comment

here about what we should think about when this government starts screaming, "Deficit, deficit," and how we're going to have to raise taxes to pay for it. It says here, and this is in reference to the deficit: what is needed is preventive medicine. Forget about the deficit for it is a mere symptom. Abolish arms spending, tax the rich, cut interest rates. Then we won't have deficits.

Well, maybe the government should rethink its fiscal plan and start making some sense as to what kind of economic policies it should have for this province. The Treasurer likes to brag about how the economy has been doing so well. Well then, why isn't he reaping the tax benefit of the economy doing so well and not having a \$2 billion deficit? Next year he'll make some people pay, but it won't be the rich. It won't be the people that have benefited by all this largesse that he's given out for this election. It'll be the poor people of this province, the working people, the people with the \$5 to \$8 an hour jobs. They're the ones that'll pay.

The Treasurer a few minutes ago when he stood up was bragging about the capital bond issue and how wonderful it was in Alberta that all his rich friends jumped on the bond bandwagon. Well, there are two reasons why that bond issue was so successful. Sure it was a good idea. We supported it. But let's not kid ourselves about what it really said about this province. What it said about this province is that there are extremes of wealth and poverty in this province that are unconscionable. There are some people that have an incredible amount of money they don't quite know what to do with, and so they bought up bonds. The reason they bought your bonds was because you gave them a percentage point higher than anybody else. Look at the attitude the Premier took to the people who put their money in Principal because they thought they might get a half percent higher in interest rates. What did he say about them? What are you saying about your rich friends that grabbed the extra percentage point that you offered them, guaranteed by government taxpayers? So I say to the Treasurer that sure the capital bond issue was a good idea, but there are some reasons why it was successful, and it's because the taxpayers are going to pay an extra percentage point and because there are some very wealthy people in this province that are not paying their fair share of taxes and had a lot of money available to buy those bonds. [interjections]

MR. SPEAKER: Order.

MR. McEACHERN: The last point I want to talk a little bit about is that the Treasurer the other day hired somebody to manage the debt of the province. I think that was a good idea. This Bill, of course, is the one that sets the level of that debt that he will have to manage, some \$9.5 billion. I believe the Treasurer needs some help. He needs all the help he can get, quite frankly, because he doesn't know how to manage the debt of this province. But I would like to give some advice to the person that he hired -- or that he hires if he hasn't done it yet. The fact is that we've got a savings account, a heritage trust fund, that has just over \$8 billion in it in hard cash or income-earning assets. I know he'll claim it's \$12.5 million, but it's really just over \$8 million. You can't count Crown corporations that lose money every year as income-earning assets. Then we have a deficit in the General Revenue Account of approaching \$8 billion or \$9 billion, and it will be over \$10 billion by the end of this fiscal year if the Treasurer's own predictions and figures are correct. So what this person that's managing the debt needs to

do, along with the Treasurer, is to take very careful analysis of all the various parts of the heritage trust fund and all the different debt instruments they've gone into and balance which are the best deals and which aren't and make sure we are getting maximum value on both ends. You either maximize the difference in the interest on those two accounts or else you minimize the difference if it's a deficit difference. It must be heading for that fairly soon.

I know the Treasurer always liked to claim that the heritage trust fund is bringing in incredible amounts of money, something like the equivalent of a 6 percent sales tax. Of course, that's nonsense because he is counting money he is taking from those Crown corporations which he's really circulating back in out of the general revenue account. So his figures falsely indicate the amount of money we're getting out of the heritage trust fund. But it is time he took a really serious look at those various programs. The farm credit stability program is one, loans to Nova, loans to Syncrude. Investments in the Crown corporations, of course, were a waste of time and silly. We should just be running those out of the departments where they belong and not considering them income-earning assets. So there is a role to play for a debt manager. I would hope he would end up giving the Treasurer some good advice and making sure we're not borrowing money at a higher rate on our debt side, for example, than what we are getting for interest on money on our savings account side. That, I think, is the key, of course, as to whether or not he is managing the debt as reasonably as it can be managed, having blown the heritage trust fund in the last four years.

MR. SPEAKER: Provincial Treasurer, in summation.

MR. JOHNSTON: Mr. Speaker, I thought for a while I was in a different world, listening to the opposition and some of their views about what's happening in the economy. But given the time this afternoon and the extensive amount of uncertainty, the negative thinking which pervades the socialist opposition's viewpoint and the fact that they have confused the issue so significantly, it would not be appropriate in the four and a half minutes to explain fully what's happened. But I must say, Mr. Speaker, the fact that the opposition continues to talk the way they have, the fact that they confuse the issues to the extent they do, the fact that they know not about what they speak is probably the strongest signal to Albertans that the Conservative government is the one to continue to be elected. After listening to these people speak, nothing does more good to me than to aggressively again pursue the objectives of the Conservative Party, to be sure that a Conservative government continues to be elected in this province for some time, and to work with every

bit of my energy to ensure that that happens. I know that Albertans can see the shape of their policy across the way: confiscation by taxation, elimination of the heritage fund, running up deficits beyond imagination, and additional taxation which would probably confiscate -- capital tax on houses, for example.

MR. McEACHERN: It's a matter of principle.

MR. HAWKESWORTH: You just described your own policies.

MR. SPEAKER: Order.

MR. JOHNSTON: That kind of thing, Mr. Speaker. That's the kind of policy you'd see if you allowed these socialists across the way to be a government. So as long as they continue to speak the way they do, as long as they continue to be as obscure and as obtuse and have these confiscatory tax policies as the fundamental principle on which they stand, they are the ones who will continue to ensure that this government is run by Conservatives, that the private sector has a place here, and that the disposable income of Mr. and Mrs. Albertan is protected as we have done: the lowest tax regime of any province in Canada. And it is happening. Economic growth is strong; investment is here. Wherever these people are coming from I know not, but it's not the fundamental province that I know. As long as they keep talking that way, Mr. Speaker, it just bodes well for the Conservative Party. Keep it up, boys, because you're confusing the issue, you're driving investors away, and you're bringing strength back to the Conservative Party.

So, Mr. Speaker, let me move second reading of this Bill, a Bill which is sound in its management side, reinforces the financial plan of the province, is reasonable in its expectation with respect to borrowing, and allows us to continue those very important programs that these people would have us cut, programs of education and health and social assistance, while maintaining about 500,000 Albertans free from tax, more than they would in any other province in this country, and still maintaining no sales tax. They know they can't beat the policy, they know the fiscal plan is sound, and they know that intrinsically the people of Alberta support what we stand for.

So, Mr. Speaker, I move second reading of this Bill.

[Motion carried; Bill 10 read a second time]

MR. HORSMAN: Mr. Speaker, this evening it is proposed to continue with second readings.

[The House recessed at 5:27 p.m.]