

Legislative Assembly of Alberta

Title: **Monday, March 26, 1990 8:00 p.m.**

Date: 90/03/26

[The House resumed at 8 p.m.]

[Mr. Speaker in the Chair]

MR. SPEAKER: Be seated, please.

Before we begin the first item of business, the Chair would like to make note of the fact that there are various members of this Assembly who are having their 15th anniversary today, the 15th anniversary of election. I understand that most of them are not here; they're off having a celebration. Nevertheless, the Chair would like to offer congratulations of the whole House to the following members: Taber-Warner, Pincher Creek-Crowsnest, Lethbridge-West, Lethbridge-East, Medicine Hat, and Cypress-Redcliff. [applause]

head: **Government Bills and Orders**
Second Reading

Bill 12 **Appropriation (Interim Supply) Act, 1990**

MR. JOHNSTON: Well, you're right, Mr. Speaker. I do appreciate the fact that you put on the record that it was 15 years ago that, if you like, the south joined Confederation, or the south joined the Conservative movement, and returned several members who are still sitting. I think there are six of us remaining. I know the opposition are going to get that down to zero at some point. But you know, there's an old accounting theory: last in, last out.

Since you mentioned it, Mr. Speaker, I would also recognize three of our colleagues who unfortunately are not with us who were members of the '75 group, although not necessarily from southern Alberta but were in fact elected at the same point. We have recognized them before, but I think it would be fitting since we are talking about March 26, 1975, to note the contributions to this Assembly of Ron Tesolin, Henry Kroeger, and John Kushner, who were members of that club as well. I appreciate the entrée, and I'll accept on behalf of my friends when I get back to explain to them what's happening – if they understand what I'm saying. They will appreciate the sentiments.

Well, Mr. Speaker, this is Bill 12, the Appropriation (Interim Supply) Act, an appropriation for the General Revenue Fund. Bill 12, as all members know, allows us to pay the bills between April 1, 1990, and probably August, maybe – hopefully not that long – or some point along the line until the full budget has been voted by this Assembly. This year we are appropriating approximately 37 percent of the total amount of money. It comes to \$4,136,087,133. That's the General Revenue Fund amount. This Bill allocates the dollars to the various ministers. Of course, each of these items will be debated and voted upon as the budget itself comes through, and then the final appropriation Acts will encompass these interim supply Acts that we are now passing.

I can assure you, Mr. Speaker, that we need the dollars to support the size of government. Dollars will be transferred to local partnerships in particular, and of course the dollars are needed to run the general government including the staff, the rental of buildings, and the general kinds of supply that are necessary.

So, Mr. Speaker, I would encourage all members of the Assembly to pass this at second reading and accept the interim supply recommendation as depicted in Bill 12, Appropriation (Interim Supply) Act, 1990.

MR. SPEAKER: Thank you.

Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Speaker. May I begin by extending my congratulations to the Provincial Treasurer? I wasn't acquainted with the hon. gentleman 15 years ago. I haven't seen a photograph of him. Fifteen years ago: I wonder whether the colour of his hair might have whitened in that time period. If I sound maybe slightly jealous, at least he still has his hair. Maybe 15 years after my election, perhaps, if I'm still here and I still have hair, I might compare its colour to his today. I certainly don't want to deny him his well-deserved evening of relaxation. I know he works very hard, as do his colleagues, even if we don't agree with the work they do. Nevertheless, it's a well-earned milestone for those members tonight. As the Provincial Treasurer has pointed out, this, of course, is spending that is required for the province, an interim supply that needs to be voted before the end of this fiscal year so that bills can be paid starting April 1. I certainly have no intention of holding up the Bill. I just think it's important, though, to perhaps reinforce a certain message to the Provincial Treasurer, and that is that these expenditures have to be supported by revenues. We're certainly as concerned about that as we are about ensuring that the money that is voted for these purposes is well spent and is for good work in the province.

Having said that, Mr. Speaker, I just can't help but say that it astounds me that this Provincial Treasurer would have included in his budgetary revenue the way he did the possibility, remote as it might be, for \$250 million in a stabilization grant from the federal government. As well, \$75 million that's been budgeted for, forecasted – he forecasted last Thursday night that we'd get \$75 million before Saturday from the federal government. You know, I just can't help but observe that had that \$75 million – if it were not to be included in this year's revenue from the federal government, the Provincial Treasurer would not have a \$1.8 billion deficit for this year but a \$1.9 billion deficit. Very interesting what \$75 million will do in making the bottom line look a little better. As well, rather than having the \$780 million budget deficit projected for the next fiscal year, \$250 million makes the difference between a billion dollar deficit and a \$780 million deficit. It sure puts a different colour on the financial picture which the Provincial Treasurer presented to us last Thursday night.

It would seem to me, Mr. Speaker, that he learned his lessons as a chartered accountant very well in order to present things in the best possible light. Nevertheless, even the old magic after 15 years may not hold out. It may have run its course, and in fact the budgetary deficit and the financial picture of the province may be quite substantially different from that which the Provincial Treasurer has brought before us.

So, Mr. Speaker, I just want to make that one particular point tonight as the Appropriation (Interim Supply) Bill makes its way through the various stages of legislative debate.

Thank you.

MR. SPEAKER: Calgary-Buffalo.

MR. CHUMIR: Thank you, Mr. Speaker. I understand this is the 15th anniversary of the Treasurer's election to this Legislature. I find myself wondering whether that is all. Is it only 15 years? I've been here only four, and that seems to be the equivalent of 15. Actually the Treasurer is an old friend, and as I cast back to I believe it was, must be, '75, I remember his election. I remember reading reports in the press of his speeches in Lethbridge. One particularly memorable comment: give me the tools, and I'll do the job. Very Lincolnesque. Well, we're still waiting. However, the Treasurer is always colourful and never stuck for an answer. Unfortunately, it never seems to be the right answer.

In any event, I'm not going to delay for long this Bill, which provides funds for many worthy projects. At the same time, our support at this stage in no way implies support for the way in which this government has been managing the affairs of this province. There are far too many areas in which money is spent unwisely, and we'll comment more completely on this when specific capital budgets are reviewed. But we are of the view that there are too many areas of waste and low-priority expenditures on the one hand and inadequate funding for other areas of true need and worth on the other hand.

Now, in the former category, without being exhaustive, we have concerns about the profligate travel and propaganda budget of this government. We're not enthralled about the way in which the community facility enhancement program operates. There's too much of our funding for health care that goes into an inefficient and overbuilt hospital system, while we have waiting lists and shortages in too many key areas. Our economic development programs are, of course, mismanaged for all to see, with foolish commitments to friends of the government like Peter Pocklington.

Now, in the category of unmet needs, legal aid, for example, is being frozen at inadequate levels. There is too little focus on promoting tolerance and understanding between the different segments of our community in an era of growing racism and intolerance. Preventive health needs more resources. The capital funding for our institutions of higher learning has lagged behind, notwithstanding the Minister of Advanced Education's statement that that was his number one priority. Most obvious, at this time of rental crisis we see an absence of any meaningful programs to deal with this serious problem for low- and moderate-income Albertans. Lord knows what planet this government is living on when we see no provision being made for that very important area.

In any event, Mr. Speaker, we will have much more to say about those in due course, and with that I will close my comments.

SOME HON. MEMBERS: Question.

MR. SPEAKER: Call for the question.

[Motion carried; Bill 12 read a second time]

Bill 13
Appropriation (Alberta Capital Fund)
Interim Supply Act, 1990

MR. JOHNSTON: Mr. Speaker, I request leave to move Bill 13, Appropriation (Alberta Capital Fund) Interim Supply Act, 1990, for second reading.

This legislation allows us as well to continue with those projects which are under way and funded through the Capital Fund. Generally speaking, they include those assets which are being accumulated for universities and colleges, hospitals and, I must say, the Oldman River dam. Nonetheless, this amount of money is required to take us through to the period, similar to Bill 12, at which point the total appropriation of the Capital Fund is voted. Therefore, Mr. Speaker, I would move second reading of Bill 13.

MR. SPEAKER: Calgary-Buffalo this time, followed by Calgary-Mountain View.

MR. CHUMIR: Thank you, Mr. Speaker. In dealing with these estimates, I find it baffling how projects get themselves into the Capital Fund as opposed to being handled as normal capital revenue items under the general budgetary expenditures. However, one thing is clear in that regard, and that is that the presence of this fund enables the Treasurer to exclude a good chunk of spending, which totals in this current and in the next fiscal year over \$260 million. The Treasurer has been able to exclude from the statement of his budgetary deficit these very significant amounts so that the actual deficit is understated, as I never tire of telling and as the Treasurer never tires of denying.

There's one specific item that I wish to comment on in respect of these estimates, and that is that I can't help but note that we're being asked to continue funding for the ongoing activities of the Oldman River dam despite the judgment of the Federal Court, which indicates that the government does not have a proper operating licence. I believe we need to get a very clear indication from the government of its philosophy with respect to complying with the law. It would seem appropriate, I believe, for the government to get these legal issues clarified before it forges on holus-bolus, full speed. This, indeed, is a very troubling issue for many Albertans, and I would ask the Treasurer for a full explanation of the government's position and intentions with respect to the construction of the dam in the face of the legalities which are involved.

MR. SPEAKER: Calgary-Mountain View.

MR. HAWKESWORTH: Yes, Mr. Speaker. As the Provincial Treasurer mentioned, he has indicated that part of the funding requested under vote 4, Public Works, Supply and Services, has to do with the construction of water development projects. I'd like to ask the Provincial Treasurer or the Minister of Public Works, Supply and Services, who's here, or perhaps if the Acting Attorney General might be present: can any of these gentlemen assure us that this request, this vote in front of us, is in order? That is, are all the permits in place that are required to be fulfilled for the development of this project? If those permits are not in place, whether they be required by the provincial government or by the federal government, then is it in order for the Provincial Treasurer to be presenting a matter to the Assembly and asking us to vote funds for a purpose for which all those legal hurdles have not been fulfilled?

At one point, I guess, the permit was in place as is required by law, and perhaps based on that good faith, the province began and continued construction. But my understanding is that the permit required of the federal Transport minister has been quashed. Having been quashed, then is it appropriate for this Legislature to vote funds if that permit is not in place? Now,

I'm not a lawyer, and I don't know whether this is a matter for the lawyers to sort out. All I know is that in presenting information to us in the budget books the Provincial Treasurer has tabled, the authority for the establishment of this program comes from the Department of Public Works, Supply and Services Act and the Public Works Act. Is that all that's required to ask money of the Legislature? Or if we know that a permit has been quashed, therefore is it in order for us as the Legislature to vote funding for that project to continue?

I asked a question. I presume that somebody on the government side has examined that question and can give me some assurances or comfort about that particular question. But it is an important one in that this is before us now in an interim supply Bill. I think it's quite fitting to ask that of the Provincial Treasurer or any minister opposite who can provide us with that answer, and I would look forward to receiving that answer, if not tonight certainly prior to committee study of the Bill.

MR. SPEAKER: Provincial Treasurer, summation.

MR. JOHNSTON: Well, Mr. Speaker, there are two items I would just touch on briefly. First of all, the Capital Fund does take money out of the General Revenue Fund and put it into a special fund, the Capital Fund. Remember that the dollars that are in the Capital Fund are borrowed dollars; they're ones that we have to borrow off the marketplace to support these capital assets. These are assets which have a longer life – a life extending beyond one or two years, certainly a very long term in our view. But it is inaccurate to say that the expenditures in the Capital Fund do not have any impact on the General Revenue Fund, or it is equally as inaccurate to say that the Capital Fund is a means of hiding items from the General Revenue Fund. Both are just not accurate.

First of all, in our accounting process we do charge back to the General Revenue Fund through Treasury the cost of the borrowed funds; that shows up as the interest cost in the Treasury. Of course, each department has an appropriation which amortizes the cost of capital of each of these assets. Hospitals, Advanced Education, and so forth have a charge which is about equal to one thirty-fifth or so of the asset life, which charges it back on a use basis to the General Revenue Fund. So the costs do show up in the General Revenue Fund. In fact, any dollar we spend in the Capital Fund will actually have an impact on the General Revenue Fund. That's why you saw in this year that we were very careful in our capital expenditures. Because they do have impact one or two years down the road, and if we want to get to a balanced budget, one thing we can do is to control the impact on the General Revenue Fund of expenditures through the Capital Fund. So these dollars are consolidated for display purposes and for consolidated deficit or profit picture, and they are brought in with the consolidated General Revenue Fund when displayed for final annual purposes.

Secondly, with respect to the appropriateness of the appropriation of these dollars for the Oldman River dam, Mr. Speaker, I am very hesitant to express any opinion, because not only have we heard from the Federal Court of Appeal, which has said, very generally speaking, that the dam can proceed but it does have some jurisdictional questions – the point I'm making is that the government has appealed that decision; therefore, it would be inappropriate for me to make comments and, I suppose, any member of the government make a comment which would in any way influence or seem to be arguing the case which is now

before the appeal courts. Therefore, upon the advice of our Attorney General and other lawyers, I'm reluctant but must abide by their advice. That is: do not make comments with respect to this legal action. Nonetheless, if there is additional information which can be provided or which may provide some assistance in terms of what the Federal Court of Appeals did say, I'm sure the Attorney General would be more than willing to explain that, as he has to some extent already, to the members of the Assembly.

Nonetheless, I still move, and I think it appropriate to move, Bill 13, the Appropriation (Alberta Capital Fund) Interim Supply Act, 1990.

[Motion carried; Bill 13 read a second time]

Bill 14
Appropriation (Alberta Heritage Savings
Trust Fund, Capital Projects Division)
Interim Supply Act, 1990-91

MR. JOHNSTON: Mr. Speaker, Bill 14 is the last part of the trilogy, the Appropriation (Alberta Heritage Savings Trust Fund, Capital Projects Division) Interim Supply Act, 1990-91.

Mr. Speaker, these are very important expenditures under the Heritage Savings Trust Fund on the deemed assets side, continuations of programs which have lasting impact in terms of diversification of our economy, which are special and unique to Alberta because we have the dollars in the Capital Fund to carry these out. Research, environment, forestry, health, recreation and parks – the list goes on – are very important projects to us, as all members have agreed. As well there is an item here for \$66,351,900 which carries individual line service to all Albertans in rural Alberta, a commitment made by this province some time ago which will be completed, essentially, by this appropriation.

Mr. Speaker, I don't think I have to advise the Assembly of the strengths of Alberta which have emerged and are supportive of these expenditures. All Albertans are touched by the importance of this part of the Heritage Savings Trust Fund: resource dollars being well spent, resource dollars having a lasting impact, resource dollars carrying us through for the decade ahead. Therefore, I move second reading of Bill 14, Appropriation (Alberta Heritage Savings Trust Fund, Capital Projects Division) Interim Supply Act, 1990-91.

MR. SPEAKER: Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Speaker. Up until a couple of years ago the Provincial Treasurer would include the capital projects division in his annual budget speech in terms of informing the people of Alberta what the projected deficit was for that fiscal year. A year ago mysteriously the Provincial Treasurer dropped any direct reference to including the capital projects division spending as part of the overall consolidated deficit for the province. And wouldn't you know, lo and behold, it made the books look better?

Mr. Speaker, this year the Provincial Treasurer has gone one step further, and he doesn't really make even any indirect reference to the capital projects division being part of the overall deficit in the text of his speech. One sort of has to dig a little bit till you go through all the numbers and remember the history of former years to find that he's asking for another \$159 million overall to be spent on the capital projects division.

Now, Mr. Speaker, if we were to present this year's figures, in order to conform to the presentation made in previous years, we'd have to take the projected deficit, which the Provincial Treasurer presented to us, of \$780 million; I would say add the \$250 million that we're unlikely to get from the federal government. That gives us \$1,030,000,000. Then on top of that one would have to add into the capital projects division another \$159 million, in which case one would come up with a figure for a consolidated deficit for the province of Alberta of \$1,189,000,000. That certainly is a much different picture, presenting it and providing it in that form, than that which the Provincial Treasurer provided to us last week. Certainly while one finds it difficult to debate each and every one of these at the moment, we'll get that opportunity over the next few weeks.

I just can't help but make the point that by simply doing nothing other than changing the accounting, the Provincial Treasurer has been able to present a much more rosy figure and position of the province's financial situation than he has in years past. I just take this opportunity to draw that to all members' attention.

MR. SPEAKER: Calgary-Buffalo.

MR. CHUMIR: Thank you, Mr. Speaker. I'd like to thank the minister for his poor and unconvincing explanation of the Capital Fund situation and would bring to his attention that I referred to the amount of \$260 million, which is the net balance not paid from the General Revenue Fund after the appropriations that he referred to. So there's \$260 million that should have been in that budget deficit.

However, in terms of this particular Bill, Mr. Speaker, I would note that after four years in the Legislature I'm still scratching my head searching for some meaningful rationale as to why these expenditures are in the heritage fund as opposed to being part of the government budgetary capital estimates or, indeed, the Capital Fund, with all of the questions I have about that fund.

A second point I would note is that the way in which the Treasurer reports these expenditures enables the government to reduce its budget deficit by excluding \$160 million of expenditures even though the Treasurer has the chutzpah to include in his budgetary income \$1.2 billion of purported revenue from the heritage trust fund, which of course is overstated by some hundreds of millions of dollars, as we have noted over the years in this House.

MR. SPEAKER: The Member for Calgary-Forest Lawn.

MR. PASHAK: Thank you, Mr. Speaker. Well, as all members of the Assembly understand and know, the economy of this province has been seriously mismanaged since 1986. Since that point in time we've managed to accumulate approximately a \$10 billion deficit, and that deficit would be far worse if we didn't have assets in the Heritage Savings Trust Fund that were earning income that we were able to transfer back into the General Revenue Fund. What's being proposed here, as I understand this money Bill, is that we have some \$116,218,800 that are going to be taken out of the income-earning assets of the fund and transferred into the nonearning part of the fund, the deemed assets part of the fund. So I'd like the Treasurer, if he would, to explain, before I can support this measure, just what will be the impact on the fund. For example, have we seen the real, actual value of that fund decline by that amount? Have we lost

approximately 10 percent of that amount in interest that won't be there to transfer into the General Revenue Fund?

Secondly, Mr. Speaker, I note that part of this expenditure – and perhaps we can get into this more fully at Committee of the Whole. But there's an expenditure of some \$417,000 for grazing reserves enhancement. I don't understand why money would have to come out of the heritage savings fund for that kind of project; after all, there's a lot of oil revenue that can be earned from those grazing reserves if it went into the provincial Treasury rather than to smaller landholders.

MR. SPEAKER: Thank you.

Westlock-Sturgeon.

MR. TAYLOR: Thank you, Mr. Speaker. I wanted to put in a word or two. I've been on the heritage trust fund committee the last year, and it's probably given me a little more insight to try to read the mind of the government, although it's very much like the ancient Egyptian high priest looking at the entrails of a chicken and trying to figure out what's just going to go on. There seems to be no rhyme or reason on just how these things come about.

One of the things the hon. Member for Calgary-Forest Lawn has already touched on, just why grazing reserves was pulled out of nowhere and stuck in here – seems no particular reason. But some of the bigger tickets – \$25 million for irrigation rehabilitation and expansion, \$15 million for irrigation headworks: there's \$40 million there for essentially rural items. I'm afraid from what I've seen in this government, Mr. Speaker, that it is almost a knee-jerk reaction that has been passed on since biblical times, that if the water was going to make the desert bloom, as Moses said, therefore, it was a good thing to go put water on the desert, even if it's down in the Lethbridge area.

The fact of the matter is that there seems to be very little cost/benefit analysis or long-term thinking that has gone into these projects. Just somebody has said, "Oh, well, if they're in southern Alberta, they're going to love water, so we'll throw some water around," without any point of whether or not the water is actually going to enhance the income of the area over the long term and what we do in the long term as to whether or not we can keep up what we start out, certainly on a profit return – profit in, profit out. There are many areas of the world now, particularly the central U.S., that can make a pretty strong argument that the profit per acre, based on a percentage which you invest, is much, much higher in dryland than it is in irrigation. When I ask for these figures or when I try to figure anything out, all we get, Mr. Speaker, is pious hand-waving and saying: "Well, everybody knows water is good. After all, the pharaoh irrigated the plains of the southern Nile; therefore, it must be good." So 4,000 years later we still have that same knee-jerk reaction to go ahead on a type of agriculture that I'm not too sure is that bountiful.

The next thing I would touch on is the individual line service to farmers, \$66 million in there. As far as I can see – and I've tried to badger the hon. minister of telecommunications and the gentleman that served that post before, and all I get there again is, "Well, everybody knows that a private line is better than a party line." Well, sure, that's a given. But what kind of private lines are we putting in? Are we putting in lines and trunks – and I notice I have a question on the Order Paper as to what type of fibre optic or where we're putting fibre-optic lines in. But are we putting in a service that will stand up and service the rural economy 20, 25 years from now? Or was it just an answer

to a political promise in the campaign that everybody should have a private line? I know it's very attractive, but are we putting in the type of private lines that can be used and expanded on to help agriculture develop into the 20th and maybe even the 21st century? Although I think by that time the hon. member – I may take a moment to congratulate him for his 15 years. I would agree with the fact that the government has done so little that there has been nothing to age him. I would mention that as one of the reasons why maybe he stays young and youthful looking. Nevertheless, outside of passing that left-handed compliment, I will congratulate him. He's the original teflon man. All the years I've been in the Legislature, I've never seen anything stick to him, and for that reason I want to congratulate him.

Thank you.

MR. SPEAKER: Thank you.

May the Treasurer sum up? [interjections] Order, please, in the government ranks.

MR. JOHNSTON: Mr. Speaker, the history of the appropriation of the heritage fund is as much a unique statement about Alberta's history, and, if you like, the idiosyncratic history of the heritage fund is reflected in this appropriation, because each one of these expenditures has a particular case, and each Member of the Legislative Assembly I think can identify in particular with a project out of the Heritage Savings Trust Fund.

Many governments would just love to have an opportunity to have these kinds of ongoing, continuous projects, projects which would not normally be funded in a normal sense. In the case of Alberta even now it would have to be found in capital markets; therefore, the cost of borrowing would be much additional to what we see here. But because we have these dollars sitting in the heritage fund, some \$12 billion to \$13 billion in liquid assets, we can appropriate this year a hundred or so million dollars, \$116 million into this particular Bill, to focus on these unique special projects. Alberta is stronger for it not just in terms of the social fabric and the impact in each community but also on the economic side.

Now, the Member for Westlock-Sturgeon – who by the way, as I understand and as he admits, was born in Bow Island or someplace near there – knows what happens when you have that hot, dry growing season. If you take away that one important ingredient that is water, you get a very barren return. Now, he may not see the cost/benefit analysis, but this House and this government has been through the cost/benefit analysis on many occasions. Going back to 1975 when I was first elected, the government made a commitment then that they would rehabilitate and expend money on irrigation. It's been a very valuable investment in food production in our part of the province. It's returned much more than our expenditures, and every cost/benefit analysis I've ever seen with respect to irrigation as an investment in food production as a way of life has always been positive.

Now, if you have any belief in the colleague that sits to his left, that we have a global warming trend taking place and environmental pressures are going to be continuously before us – obviously, if it's hot in the south, it may even get hotter. That simply means less rainfall. In the last four years we have had two drought years, Mr. Speaker. Had it not been for irrigation investment in southern Alberta, it would have truly been a disaster. As it was, the farmers were able to reasonably succeed. They had reasonable crops. Without the irrigation input there

would have been more payments from us with respect to crop insurance, federally and provincially, and many of these farmers would not be able to succeed. Simple market factor shows that in the comparable price of land between irrigated land and dry land, the example the Member for Westlock-Sturgeon referred to, the market does bid more for irrigated land. The only reason it does that is because it has a higher present value in terms of the cash flow of its benefits over the future ahead. So we think that these investments, although irrigation is the example I'm using because it's closer to me, are important to the economic fabric of our province and the diversification that's taking place.

I've always insisted and shown that the Heritage Savings Trust Fund is a major source of diversification of industry in our province. In the budget speech this past Thursday I showed the graph showing, surprisingly, that dollars are now flowing more, Mr. Speaker, to other areas of our economy, away from oil and gas, so that we have a diversification. Those numbers are now showing up in terms of jobs, in terms of new business starts, in terms of new jobs created, in terms of new investment dollars. It's all showing up in part, I think, because diversification did take place as a result of the heritage fund.

So these dollars will be transferred from the financial assets of the heritage fund into the capital assets. They won't be borrowed, but they will have long-term benefits to our province and in many respects reflect long-term commitments of this province which I think have been important to all reaches, all parts of the areas represented by the MLAs here today.

So, Mr. Speaker, I think it's important that we get on to these projects, that we pass as quickly as possible dollars to allow these investments to continue. Therefore, I move second reading of Bill 14.

[Motion carried; Bill 14 read a second time]

head: **Government Motions**

6. Moved by Mr. Johnston:

Be it resolved that the Assembly approve in general the fiscal policies of the government.

[Adjourned debate March 23: Mr. Nelson]

MR. NELSON: Thank you, Mr. Speaker. First of all, I'd like to congratulate the Treasurer on the budget, on this particular budget that's been brought forward. I think that Alberta, having gone through some difficult times and with the economy turning around to a positive mode – we still require, however, hard, difficult, and sometimes unpopular decisions. In supporting those decisions, in some arenas you can be criticized; in others, of course, you can be praised.

My own personal feeling is that I think the Treasurer has found a balance that Albertans will feel reasonably comfortable with. It seems that we are turning to place some of the onus on a user-pay. In my view, we should be emphasizing user-pay a little more and getting away from some of the universality that we presently have in much of our system. Just maybe we should encourage some form of means tests to ensure that all have equal access to all our programs whether they be health – of course, we somehow have a means test towards that anyway by giving our senior citizens free access to health care and approximately 250,000 Albertans additionally free access to health care. But there may be other areas we should examine insofar as freeing up dollars to assist those less fortunate yet at the same

time ensuring that all of us have that equal access without overburdening those who can pay.

We often hear comparisons and reflections on what other jurisdictions do, and they try to use that as a measure. We all do at some point in time. I really don't like using other jurisdictions as a measure. I think Albertans are a unique and distinct people. We like to be identified as distinct from other regions but united as one Canada. However, the Treasurer has identified in his budget the concerns we have with the federal government and transfer payments and, really, over the years bleeding and raping this province of dollars, notwithstanding the fact that in excess of 100 billions of dollars have left this province to support the other regions of this country, notwithstanding that the fight we have to put up to retrieve that which was constitutionally ours when the resources and revenues of this province dropped dramatically in 1986. However, there is a mood in Alberta in many quarters that if the feds don't start seeing to western Canada's and in particular Alberta's needs, then maybe we might have a distinct, a very distinct, society in Alberta, extinct from the rest of Canada.

Mr. Speaker, there are a number of issues that have developed through the budget. Some of these, of course, and the costs that are attributed to our budget process, come in the forms of a general service tax that's been suggested by the federal government. Maybe there are alternatives to the GST. One certainly is that the federal government needs to bring their spending under control. Some of the increases in costs within their budget have damaged the economy of Alberta by, first of all, inevitably developing the GST, cutting back on transfer payments. I believe the federal government today is probably one of the most fiscally irresponsible governments in the history of this country, and I think we in Alberta need to get nasty.

[Mr. Moore in the Chair]

Secondly, Mr. Speaker, there may be alternatives that the feds can consider: first of all, removing this ghastly GST and maybe considering alternatives such as examining ways and means to place in a flat tax or maybe even remove income tax and put a larger GST in, as long as it's fair to all Canadians. In any event, consideration has to be given to the wanton spending of what I consider a very irresponsible federal government.

Mr. Speaker, we often talk about regressive taxes. Well, most people, and I think anybody in the Legislature, agree that most taxes are regressive. We all have a responsibility, too, and that is to pay for some of the services that we as citizens request, demand, insist upon government providing to us. We insist on a first-class health care system. We used to have a pretty good one when we had MSI and MSA, but now we've got this very expensive monster out there that provides a first-class health system in the province that is undoubtedly the finest in Canada, if not North America. There are suggestions that the premiums we charge on health care is a regressive tax. Mr. Speaker, if we call paying insurance to see to our well-being a regressive tax, then I think some people have got their heads in the sand like an ostrich. It is not a tax. It's like suggesting that paying insurance on your house, your vehicle, and life insurance should be a freebie by government: absolutely ludicrous, to say the least.

To suggest that we remove all of these fees, all of these insurance premiums, and increase corporate taxes and tax people who are a little better off than some further than what they already pay – well, let's just examine, Mr. Speaker, the con-

sideration of increasing a corporate tax. Who ultimately pays? It's still another form of consumer taxation, because the consumer pays as soon as you tack on some additional costs to a corporation or a small business. I like the idea of being up front and telling people, "This is what it costs you to have your health and your facility insured," not like hiding the tax behind a corporation and telling the community, "We're not taxing you this year; we're going to tax the corporations." What a stupid, silly argument. It's still a consumer tax, which the opposition is supporting, similar to the GST only it's hidden, when the government honestly places its revenue regime in the public arena for all Albertans to see and still maintains the best social programs in the country.

Just maybe, Mr. Speaker, we need to consider the manner in which health care is delivered. Maybe we need to have some form of an examination of how we pay doctors, how they see patients. Maybe the college has to become a little more involved, because doctors write their own cheques with taxpayers' money. There is no question about that.

Mr. Speaker, when we consider the costs of government, many Albertans – in fact, I would suggest most Albertans – certainly want government to reduce their expenditures. Sixty-eight percent of government expenditures relate to health, education, social services, and debt servicing. That leaves 32 percent that we can play around with to try and reform or otherwise, at the same time examining ways to enhance our health and education systems and our social service system so that people services continue to be a high priority of this government.

Yes, there are ways of doing that. I think much of our health system can cut a lot of bureaucracy in our hospitals. I remember that when I sat on a hospital board in Calgary for a couple of years, I kept fighting to reduce the administration. It's amazing how our administrations and our bureaucracies fool our boards, commissions, and maybe even our ministers and our chairmen. Because they do. There are avenues to cut. We've got managers out there managing managers. Let's cut out some of this management, and maybe we can cut some of these expenditures.

The problem, Mr. Speaker, is that many of the people out there who are running things have never run a business. They don't understand how to manage effectively. They don't understand how to manage with a few dollars. They don't understand that they have to cut. It doesn't matter whether you manage a large business or a small business. Basically they all have to be managed under the same type of financial regime and at the same time invest and create jobs in the province. I think our corporations and our small businesses are doing an exceptional job.

There is some suggestion in our province that we've got the biggest bureaucracy in Canada. Well, Mr. Speaker, I think at one time that might have been reasonably accurate, but I'm not sure. But, you know, the facts of the matter are – and I guess it's a numbers game. I think what we do in Alberta: we include all our health care givers and many other departments that other governments don't include in their numbers. As such, the numbers are just numbers; they are meaningless for the argument of comparison. That's what I said when I first started. It's useless to try and compare Alberta with other provinces; we are unique, and we do our thing in a unique way.

The government over the last few years has reduced the size of its administration, its bureaucracy, by some 2,300 people. I guess the reason that makes me feel good is because I think we did it without hurting our career administrators. In other words, the majority of the jobs that we reduced were by attrition, not

by some unfeeling government going out and throwing people out on their heels, especially when times were tough and there was a lack of jobs in the province, between '85 and '90. It's been difficult for many people, but now we have 1.2 million people working in Alberta. It's the largest number of people that have ever worked in this province at one time. I'm sure the leader of the Liberal Party, when he makes these statements about the civil service, how high it is, would just love to go out and fire all these good people and throw them out on the street, these valued employees, these career people. I'm sure the NDs would do the same thing; they'd probably hire a bunch of part-timers. In the end, Mr. Speaker, we would see a reduced level of service to Albertans, which would mean reduced hospital staff and less care for our needy. That certainly would reduce government in a hurry.

The other thing I think we need to examine is a duplication of services between levels of government and maybe even within government, although I know that is ongoing at the present time, and I congratulate our government for taking that initiative. Maybe another level of government or an outside agency has a service that is able to be supported financially or otherwise by the government and allow them to be responsible in giving the care. Many times we can't move in our departments or inter-governmentally without running into each other.

Mr. Speaker, I'd like to deal with health care a little more, just for a few moments. It's my understanding from talking to some doctors that in their practices some 10 percent of their patient load uses 90 percent of the system. You know, I have to think about those 90 percent, many of whom are paying a good premium for their insurance but only use it when it is absolutely necessary. And I know of one case. Some time ago I was talking to a doctor, and he said, "You know, that lady who just left here, she's been here three times this week; she has a common cold." Now, I'm not suggesting for one minute that that's the attitude of Albertans, but I think maybe we've got to take the blinders off and identify the fact that there are people out there who use the system maliciously; maybe not just the users, but maybe the care givers.

I wouldn't mind seeing a similar system to what they have in Australia – it's been under the care of a Labour government for a number of years – that was installed by a good government many years ago. But they didn't see fit to change it. Incredibly, I found when I lived in Australia, it was just fantastic. The user paid some money towards it. In other words, I took responsibility for my health because nobody else can.

AN HON. MEMBER: They've got a Labour government, and more successful germs too.

MR. NELSON: Just maybe.

You know, with the federal government and their legislation, the Canada Health Act, they've cut the transfer payments to Alberta, yet if we wish to encourage a balance billing system, of course we don't get some more of those transfer payments.

We in this country pay too much attention to the knife and pill attitude of our medical system. There are other ways of dealing with health care, such as trying to educate people not to smoke or drink booze in excess or take drugs and other things because, Mr. Speaker, they cause something in the order of 50 percent of our health care costs. There are ways of dealing with this. I know a couple who went to Vancouver to see a doctor. He and his wife were ill; they could hardly walk, and they got sick and tired of dealing with pills and knives. So they went to

Vancouver and saw a doctor who dealt with nutrition and dietary concerns, and believe me, they are now in reasonably good health and they're walking just handsomely, thank you.

There are other issues that are sensitive that a lot of people don't want to talk about, such as how we pay social services allowances. Maybe we should use food stamps, because I as a taxpayer don't like paying for people's booze, cigarettes, or bingo cards. Mr. Speaker, that is a fact of life that happens in this province. It may save the province a lot of money and a lot of aggravation, but I think this is one of those areas of ongoing review by the government that should not only be encouraged but should be insisted on. I know the minister of social services is examining all these various ways and means to stop the cheating in the system.

I must deal with a couple of extremely positive areas, and I think there are so many positives in this budget that I can't understand anybody being negative. You know, the news media in many avenues has just climbed on the bandwagon. I think many of them look at socialism as the heart and soul of their operation, trying to sell the people a bill of goods, which they do. But you know, socialism is a philosophy of failure. It's a dream.

MR. GESELL: A nightmare.

MR. NELSON: It is a nightmare, as my hon. friend just indicated.

Diversification, Mr. Speaker, started many years ago by the then government of Premier Lougheed, and many people complained, "When's diversification happening?" It just doesn't happen overnight. But now we are seeing the fruits of the government, past and present, allowing people to use their own initiative and our free enterprise system to develop this province. In the budget \$350 million are being cut out of transfer programs to businesses because the program, the diversification, has worked. The reason it has worked is because of good government policies to allow industry to grow, and fiscal responsibility of government.

There's been discussion with regards to the development of OSLO. Well, certainly the federal government in their short-sightedness and, as I indicated previously, their fiscal irresponsibility is damaging Alberta and the west again. But here we are with all this nonhelp from a central government that wants – I hope not, anyway – that Trudeau syndrome of control, control, control.

Housing starts up, in-migration up, manufacturing investment up, retail sales up – tremendous growth and no reduction in services and our social field – Alberta a leader in environmental policies in the country, maybe in the world, and then we hear this doom and gloom around Edmonton and Calgary about the Oldman River and the dam that they are building there. You know, you had the same arguments by the same people when they built the Dickson dam on the Paddle River. These looney-toonies and commies that come in here from Toronto and Vancouver – I get sick and tired of it. Why don't they stay in their own spot, mind their own damn business, and look after the environment in those provinces that need all the help they can get, especially in Ontario? Let the people who are managing their environment well continue to manage it without that interference and obstructionist attitude. They are not environmentalists, Mr. Speaker. We are environmentalists. Those narrow-minded bigots are obstructionists, and that's all they are, Mr. Speaker.

MR. McEACHERN: Point of order, Mr. Speaker. [interjections]

MR. ACTING DEPUTY SPEAKER: Order.

MR. McEACHERN: There is no need to drop to that level of debate in this Assembly. He can clean up the words a little bit. The kind of words he's using are quite unnecessary. I mean, just because he wants to call us commies, so I should be able to call him a Nazi then, and it just gets into a stupid game that he should stay away from if he had any brains at all, or he'd go home, perhaps, and stuff his cigarettes in his mouth and smoke them and forget about this. Two can play this game.

MR. NELSON: Mr. Speaker, the Oldman River is going to have a \$100 million annual cost benefit to southern Alberta, and we only talk about the farming community. What about all those people down there who need a water supply the same as Edmonton and Calgary need? There are seven or eight dams on the Bow River, and we allow one dam on the Oldman River. I'll tell you, the economic benefits to southern Alberta are phenomenal, yet the environmental concerns - the fisheries, the wildfowl, and the animals - are well looked after. In fact, their environment is enhanced and tourism is enhanced. The fishing industry is enhanced for our tourists and our citizens. Let's get back to earth, folks. Why is it that we get all this kind of stuff out in the community? It's because the good messages are not there. The media is there to sell a product and stir up the community as best they can. Objectivity is forgotten. Journalists want national credits. Well, I think it's time for the media to examine how they report their stories, because what it becomes is stories of reporting their own attitudes.

Mr. Speaker, I haven't spent a lot of time here tonight talking about what the opposition has said. I didn't want to talk about their words, because they really had nothing to offer. All I hear is: spend more in health, education, and social services; give the farmers the gas rebate again; reduce the gas tax; no health care premiums; no increase in licence fees. What is the net result in the cost to those Albertans who have to pay?

[Mr. Speaker in the Chair]

MR. McEACHERN: With a decent tax structure we could do it.

MR. NELSON: Mr. Speaker, spoken like a real. . .

MR. McEACHERN: We just need fair taxes, that's all.

MR. NELSON: You know, many of these socialists are unsuccessful capitalists. And that is why they're unsuccessful.

MR. McEACHERN: And you're so successful.

MR. NELSON: You know, some socialists are Liberals in a hurry. But that's the way it goes.

Mr. Speaker, let's examine the real world out there. Much of the world is turning away from the communist activity. In fact, they're looking towards the west and the free enterprise system. Yet many of our western neighbours and people who should know better, people who have been through and received a so-called education, what have they got to show for an education in many cases? I'll tell you what they've got: a piece of paper,

but nothing in here, no common sense. Maybe they ought to get their hands dirty occasionally and find out what's it's like to put in a good day's work out in the field or in the store rather than using the tongue without the thought.

Mr. Speaker, I'd like to thank the House for their consideration this evening.

MR. SPEAKER: Westlock-Sturgeon.

MR. TAYLOR: Thank you very much, Mr. Speaker. [interjections]

MR. SPEAKER: Order please.

MR. TAYLOR: You'll note, Mr. Speaker, I brought my own cheering gallery with me tonight. It was hard to find somebody that didn't think, but I did manage to get about eight or nine of them over there so that they'll be able to clap at anything.

AN HON. MEMBER: Especially that tie.

MR. TAYLOR: Please wake up.

Mr. Speaker, looking at the budget, I'm going to tackle it from a little different way. What concerned me a bit is the philosophy of taxation that seems to be creeping into the provincial government over here. They say they have no sales tax; that's one of the things they proudly talk about. Let's look at it for a minute. They have a tax on health insurance, a tax on hospitals, a tax on nursing homes. There's a bank tax and a small business tax. They put in a utility tax, tobacco tax, child care tax, car licences tax, gasoline tax, and propane tax. Those are 11 taxes, Mr. Speaker. Actually, they'd be hard put, if they put in a sales tax, to cover that many items. So here again is a case of doing something and then calling it something else. For a group to criticize the goods and services tax as much as this government has and then turn around and borrow the very essence of the GST and then name them consumption taxes or just increases in taxes for services is absolutely ridiculous. I've heard, amongst some of the nonsense I heard prattled here a short while ago, that it's not a health tax; it's health insurance. Well, insurance surely is based on the risk. But this is a flat tax. It doesn't matter: it's so much for a family, so much for an individual. It doesn't have any bearing at all as to age or risk, which is what all insurance premiums are. So to call it insurance is nonsense, and to be one of the only two provinces in Canada that levy this form of tax, it's rather transparent that it's another form of taxation.

What's intriguing is how they've managed - and this is one of the things I say in admiration about the Treasurer, Mr. Speaker; I was not kidding when I called him the teflon man. Anywhere else they'd be burning him in effigy for bringing in a huge sales tax. But he brings in a tax - 11 of the most basic items society or people have to pay for - and says: "Oh, no, it's not a sales tax. Those are just fees that we're charging you. Don't call it a sales tax at all." But if you go to any other country and run into a fee to pay for any of these services, it's certainly a sales tax. I guess you would call it a provincial sales tax rather than a goods and services tax.

Let me go on to the other area, the huge tax they now call health insurance, and it's a big one. The interesting part, Mr. Speaker: this is a Tory ploy. If you define one thing in the English-speaking world as characteristic of a Conservative government, it's the flat charge fee. No matter who it is that is

going to pay the fee – in other words, the millionaire pays the same for health care as the single parent. In England they've recently instituted a tax such as this that covers every man, woman, and child in that country, and they call it a poll tax. Over here we put a tax on every man, woman, and child in Alberta, and we call it health insurance. How skillful can you get misusing the words that Elizabethan English started out with and passed on down to us? There's no dictionary or thesaurus anywhere, I think, that would be able to call a flat tax per individual or family, as this one is, anything but a poll tax. This is a poll tax.

So here we have a government across the way introducing two of the nastiest taxes known to mankind, the sales tax and the poll tax, and calling it instead taxes for services and health insurance. That's all it is, Mr. Speaker, and this is one of the things that bothers me about where we're heading for, because once their nose is in the door, it's like the camel and the Arab's tent: surely the rest of the fur and the two humps are going to follow. I think this is what's going to happen in the years to come, that instead of developing our income tax system, which is still the fairest method of tax – those who can afford pay more than those who cannot – we've come up with a flat system to try to raise money to meet the expenses of the day.

A rather interesting thing though: I think they may have shot themselves in the foot, Mr. Speaker, when they came out with a tax on the utilities. I've had some problem understanding why they would cancel the rebate on taxes which only come from privately owned utilities. Here is a government that makes much of private enterprise and free enterprise deliberately taxing privately owned utility companies and, therefore, forcing them into being publicly owned. This is indeed a very peculiar system, because if they wanted to tax utilities, you'd think they would have just added so much on to the monthly bill, something like the cities use in their so-called sewer tax – rather aptly named, I would suspect – which is a percentage on the amount of utilities consumed. But no, what they've done is cancelled the rebate that was put into a fund by the privately owned corporations and then paid back to the consumer, because without that payback to the consumer, Mr. Speaker, it meant that a government owned organization that did not pay tax could afford to sell utilities cheaper than a privately owned organization. Now what we have is the privately owned taxes coming back and thereby equalizing the costs of utilities. It's rather peculiar indeed, although I think I will sit back and relax and see whether Mr. Ron Southern donates his place for the annual Tory picnic, as he has done in other years, or whether indeed they might find they're going to have to go out in Taylor's backyard somewhere to hold the annual Tory picnic. So I'm going to sit back and watch that to see how that all works out.

I would like to draw a little bit of attention to agriculture. I notice the associate minister is here. I see no funding set aside – although there is mention of crop insurance – to handle the whole question of safety nets. Now, I'm afraid, Mr. Speaker, that leaving safety nets to the federal government, as the joint ministers of Agriculture seem to be doing, may be leaving us in a bit of a mess, because in Ontario and Quebec over 80 percent of the agricultural sector is in the supply/management field and 20 percent in the export or the free market. We're almost the opposite out west: we're 80 percent free market, 20 percent supply/management. So if we have an income floor system set up and put together by the federal government, it could seriously impact and discriminate against our system of agriculture. I'm a little worried that by not mentioning any work in that area or

any money set aside for income floors, possibly the minister may be letting the federal government – once again like the Arab's camel in the tent – get their nose in so far that we're going to have a little trouble adjusting it to be using it for Alberta uses.

Mr. Speaker, all I wanted to mention was that what I see – as the hon. Member for Calgary-McCall was worrying about creeping socialism, what I am worried about here is creeping fascism. I think it's a much bigger threat than anything else that's facing us in society today.

The flat rate: it's as if somehow or other we have to punish those that are poor; take all their income to pay for their utilities, their health care insurance, their fuel, and their car licences. All those strike at the little person or the person that's having a hard time to get by, whereas they're completely ignoring those in society that can afford to pay it. As a matter of fact, the MLAs are even going to be able to keep most of their ill-gotten 30 percent gain, Mr. Speaker, because there's no change.

MR. SPEAKER: Order. Hon. member, order.

Now, first the Chair wants to point out that there's been an unfortunate use of various terms this evening, including "commie," "Nazi," and "fascism," and that should not be part of the decorum of this House. So that should be sufficient on that point.

However, with respect to the matter of the MLA pay increases, that's another matter entirely, and that was dealt with by an all-party House committee. So perhaps the member would like to carry on with further discussion on the debate.

MR. TAYLOR: Mr. Speaker, surely I can put us all in the same pen? I wasn't trying to say that the MLAs on the other side were the only ones with the 30 percent increase. They may have been the ones that overpowered us and put the 30 percent in, but what I was pointing out, Mr. Speaker, was that although we had an increase of 30 percent in our income, I notice our income taxes haven't been raised. What I wanted to point out, Mr. Speaker – and I have a failure to understand why there's anything wrong with pointing out that the single parent, the average Joe out there that's trying to make ends meet, is getting his taxes raised but we're not. We're doing quite well, and I don't think I want to thank the government for that.

Thank you.

MR. SPEAKER: The Member for Bow Valley, followed by Calgary-Forest Lawn.

MR. MUSGROVE: Thank you, Mr. Speaker. I'd like to say a few words about the Budget Address. I'd like to say that most of my constituents are saying it was a good budget. As a matter of fact, I had dinner with a group of people from a county council this evening, and they were complimenting me and saying to bring their compliments to the Treasurer, because they thought it was a good budget. Mr. Speaker, I can certainly see that being a Treasurer is not a very easy job. There are not many of us that would want it, and there's certainly only a minority of people that are able, by the very type of person they are, to fill that kind of a bill.

The Treasurer has put together a budget that shows that we're not going into a larger deficit: a reduction of \$1 billion in the provincial deficit. Even with our loss of revenue or nonincreasing revenue from the energy industry, with diversification it would appear like the province is being held together, even

though when we try to go into diversification we're finding objections, resistance, and problems from the opposition trying to stop any type of diversification in Alberta that the province initiates.

Now, talking about taxing corporations – and I hear it from across the floor all the time: tax the corporations; let's hit 'em hard. I've even heard some people say, "We don't need those corporations; let's put them out of business." Mr. Speaker, they're the backbone of this country, and if anyone thinks that we can put all the corporations in Alberta out of business, then we're in real trouble. They're the people that create employment, and they do pay a lot of taxes, regardless of what we're hearing from across the floor. As a matter of fact, they had a 35 percent increase in their taxes two years ago, and that's why there wasn't any increase put on them this year. Corporations are very important to us. Some people think that they're all rich, that every corporation has piles of money, and "Let's get it." I know of corporations that are going bankrupt. I know some that are having financial troubles. I know some that are making lots of money, but that comes back down to management. If a corporation is making money, it's because of good management, and then they do pay the taxes on it.

I want to say a few words about health care, Mr. Speaker, and certainly about the increase in the premiums for health care. During the weekend I talked to a lot of people, and some people even commended the province of Alberta for the increase that we put on health care. They said, "If we're going to have a health care system in Alberta as we have today, then it's about time we recognized that we'll have to pay for it." Three point eight billion dollars is the budget for health. It's just over one-third of our province's income. Certainly we need to look at control of it, and everyone's looking to try and control our cost of health care. The Hyndman report is one of those that has a lot of work on it. One of the things that was in the Hyndman report that I'd like to mention is that they are recommending that we have a health card, similar to a VISA, that we use when we use any of our health benefits, including doctors, hospitals, or whatever. Mr. Chairman, I was a little disappointed when he didn't mention that I had put that through as a private member's Bill in 1986. Nevertheless, I still think it's a good idea.

I heard one of the opposition this afternoon criticizing the increase in home care. I can't believe that anyone in this House would criticize an increase in home care. It's the very thing that is holding our health costs at a level so that there's not a large increase. Now, when we have the percentage of our population increasing every year in the senior citizen part of life, and the cost of that is leveled off, then certainly home care is the one thing that's doing that. I think something that we should really stress is to keep people, in particular senior citizens, in their own homes and in their own communities as long as possible.

I want to say a few words about the tax on cigarettes. Certainly the tax on cigarettes is something that the smokers are saying: "Yeah, we accept it. It's another 20 cents a pack." But I have had people come to me lately saying that they should now be allowed to carry some kind of a protection because they're carrying a package of cigarettes in their pocket. They're getting to be such a valuable thing that you should be able to protect them with some kind of security. Also, our cigarette stores are saying that they need the same kind of protection nowadays as Fort Knox because their place is vulnerable for break-ins. So that's the only problem with the cigarette tax.

The farm fuel tax. They said it was a tax; actually, it's not. Farm fuel doesn't pay taxes to the province. They now pay taxes

to the federal government because earlier this year any tax reduction that they got from the federal government was discontinued. So they do pay taxes to the federal government; they don't pay any taxes to the province. However, there was a reduction in the cost of farm fuel because they gave them credit for the royalty paid on it. It was 14 cents a litre; that is now reduced to 12 cents a litre. Albeit that the farm financial situation is not all that good, farmers are not saying that they object to that tax. They also feel that they have a responsibility to see that we get rid of the provincial deficit, and they're saying that yes, we'll accept that; we expected it maybe to be even tougher.

One of the things we see in this House is that the opposition – 99 percent of them, I guess – are city MLAs. Now, in our caucus we have a real good liaison with the rural/urban relationship between MLAs. In the opposition there aren't any rural MLAs to speak of, and they think only of cities. That's all they think of: "Now, anything rural, let's just get rid of it."

AN HON. MEMBER: That's what they say.

MR. MUSGROVE: That's what they say; yep.

Anyway, the Member for Calgary-McKnight today took a swipe at our Brooks campus, and that's terrible, you know. First off, she probably doesn't know anything about Brooks campus. Then the mayor of Edmonton has been on the news lately saying: "We don't need a campus in Brooks. They should spend that money in Edmonton." Well, believe me, the money that's spent on the Brooks campus, they wouldn't even notice it in the budget of the secondary education system in Edmonton. It would be peanuts. Now, Brooks has had quite a struggle with this campus.

MR. TAYLOR: What would they do with a college at Brooks, of all places?

MR. MUSGROVE: Another city MLA.

MR. TAYLOR: It should have been at Bow Island.

MR. MUSGROVE: Typical. We've had quite a struggle to get Brooks campus. Actually, it started about . . . [interjection]

MR. SPEAKER: Order please.

MR. MUSGROVE: The Brooks campus started about 18 years ago when the mayor of Medicine Hat donated some land to the Brooks campus. It was quite a struggle, because part of the requirements with the donation was that it had to be incorporated into the town boundaries and it had to be used for a college campus in Brooks. Now, the value of that land was appraised, at one point, at \$1 million, and that amount then was matched out of the matching endowment fund of Advanced Education. So they raised a fair amount of money. Along with the college board in Medicine Hat putting some money into it, the county and the town, through the supply of services, have put some money into it, and the province of Alberta this winter announced \$3.4 million to the Brooks campus. Now, if you compare that to what's spent in the two major cities, they wouldn't even notice it.

AN HON. MEMBER: It wouldn't even build a sidewalk.

MR. MUSGROVE: Yeah. They wouldn't even know where it went or whether or not they had it.

So I can't believe that these cities - Calgary and Edmonton both, now - are trying to say: "We don't need a campus in Brooks. Let's just wipe it out." They've operated a college there for quite a number of years. They've got about 250 full-time students, and it can't expand because that's all the room they have. It's operated presently out of an old hospital building. The laboratory in there is not as good as you would find in the average country high school, and they've coped with that all these years. Now we have a college that is really going to be something, and we get people saying that we don't need it. That's typical, typical of what we get.

I've also heard a lot of criticism about the secondary road program. The secondary road program is very valuable to rural Alberta. Now, we talk about the energy industry. Albeit it isn't producing as much money to the province as it was, it's still got quite an influence on our budget. The city people are against the secondary road program, but they don't realize that the production from the energy industry is 100 percent rural, and these people travel miles to service those wells and to go into exploration. Secondary roads to our parks: now, parks generally are for city people, because the rural people don't have time to use them. They won't go to one of our provincial parks if it's on a gravel road, but they say: "We don't want paved secondary roads. Secondary roads are a budget problem. We only want paved roads where we can use them."

AN HON. MEMBER: They won't go on gravel.

MR. MUSGROVE: No. They probably never drove on gravel roads.

So we look after our tourists. Tourists don't all come from the major cities in Alberta, but we do look after all the tourists, and we do pave all the secondary roads, or intend to.

If they want to talk about taxes, let's talk about some taxes that were created by the leader of the Liberal Party within the city of Edmonton when they went ahead with the Genesis plant when they were told that it wasn't necessary.

MR. TAYLOR: You're thinking of Moses. It's Genesee.

MR. MUSGROVE: Genesee. Okay.

They went ahead with that plant anyway, and they were warned that it could be years before it was necessary as far as the need for the energy from that plant. Now it is about to go into production, and the farm people in this province use an awful lot of energy as compared to city homes. Now, mind you, industry uses a lot of energy too, but they want to tax them out of business, so they won't be around. Even on our farm we pay a lot for power, and of course that's going to increase now by 14 percent because that plant is going on stream and we don't need it. Now, if we're talking about taxes, let's just have a look at that. The average farmer is going to be paying 14 percent more for his power that isn't necessary.

AN HON. MEMBER: Liberal physical restraint.

MR. MUSGROVE: Liberal physical restraint; right.

Somehow or other I got ahold of a book of resolutions at the Liberal convention recently. I don't know whether that was left on my desk by design or on purpose, but all of sudden it appeared on my desk one day. Anyway, the first thing they were

going to do was balance the budget; the very first, yeah. Then they went on, and they had 83 resolutions that were going to cost more money. And if you added this up, just roughly calculated it, it cost about \$2 billion. [interjections]

MR. SPEAKER: Order. This is not dialogue in the House. This is a member speaking, please.

MR. MUSGROVE: So that would be the way the Liberals would balance the budget: fiscal restraint, and then spend two billion dollars extra.

Mr. Speaker, those are just a few of the comments that I wanted to make about the budget. I'm looking forward to the 1991 balanced budget, and with us taking \$1 billion off it this year and only budgeting for a \$780 million deficit, I'm sure that in 1991 we'll have a balanced budget. And I'm sure that the opposition are going to hate that, because they don't believe that we're going to do it. They don't like anything good that happens within this House. Anyway, we'll wait and see, but I'm sure that we'll have a balanced budget in 1991.

Thank you very much.

MR. SPEAKER: Calgary-Forest Lawn, then followed by Three Hills.

MR. PASHAK: Thank you, Mr. Speaker. I'd like to pick up on some of the comments made by at least one of the previous speakers on the government side. I think I'll pass on the scintillating remarks by the Member for Calgary-McCall and go to the remarks that were made the other day by the Member for Calgary-Fish Creek.

Calgary-Fish Creek the other day had this to say about the New Democrats and the national energy program. He said that surely the member, in effect the Leader of the Opposition, "understands that the national energy program endorsed by his federal New Democrat cousins raped our province." I'd just like to deal with that for a moment. It's true that the New Democrats supported some of the goals that were associated with energy questions at that time.

AN HON. MEMBER: The raping part.

MR. PASHAK: Not the raping part, hon. member; no. But we did support the notion that we would like to see at least 50 percent of the ownership and control of the energy sector in this country reside in Canadian hands. In fact, there were a lot of Conservatives that supported that as a legitimate goal.

The other goal that was important to us was the fact that we wanted some kind of security of supply. You will recall that there were limitations placed on Canada's supply needs. Prices were going out of sight, and there was a general feeling, among not just New Democrats and Liberals but even among some Conservatives, that there had to be some responsibility taken with respect to that issue.

However, I want to make it clear that with respect to the national energy program, we were not in that with the Liberals. There were about 13 measures that were introduced at that time that implemented the national energy program, either new laws or changes to existing laws. New Democrats in Ottawa actually voted with the Conservatives on 11 out of those 13 measures. So that's really a base canard. I've heard it ever since I've been in this Assembly in 1986, that somehow it was the Liberals and the New Democrats that were responsible for the national

energy program. Nothing could be further from the truth than that, Mr. Speaker.

AN HON. MEMBER: They'll never let the facts get in the way of a good story.

MR. PASHAK: Well, that's certainly true, hon. member. As a matter of fact, we were strongly opposed to what really devastated the Alberta economy, which was the transference of activity outside the western geological base into offshore activity and that sort of thing. We spoke out against that repeatedly both in Ottawa and here in Alberta.

The second comment that the Member for Calgary-Fish Creek made that I'd like to take up is a statement that the people of Canada told the Conservatives that in effect only Conservatives could be trusted with the management of economies, and who could not, and he referred to Howard Pawley and the New Democrats. Well, again that's a serious misrepresentation of the actual facts of the matter. When the Pawley government was in office in Manitoba, it even was praised by institutions like the Royal Bank of Canada for its ability to manage the economy and to create jobs and to bring spending under control.

Even with respect to our government in Saskatchewan when we formed the government in Saskatchewan, when we went out of office in the last election we'd actually had a balanced budget for years. We never ran deficits; we managed that economy. Those of you on the other side might recall that there were some serious farm problems that year. During that provincial election what in fact really happened was that more people in Saskatchewan voted New Democrat than voted Conservative. But again it was the rural vote, who were bought off by big bribes by the federal party to the tune of \$2 billion, that at the last moment swung around and voted Conservative, or there would have been a New Democratic Party government in Saskatchewan today as there will be after the next provincial election there and as there will be after the next provincial election in British Columbia as well. So that's a serious mistake. New Democrats have proven that they can manage economic affairs, and they can certainly do a lot better job than what we've seen in this province.

There's no way that we can support this motion that is before the House today: "Be it resolved that the Assembly approve in general the fiscal policies of the government." I can't imagine a provincial budget that could be more mismanaged than our budgets have been mismanaged over the last four or five years, ever since I've been in this Assembly. The total net debt in this province is now approaching \$10 billion, if it hasn't exceeded it. And one year that we were sitting in here, the budget deficit for one year alone was \$3.4 billion, if you can believe it. Shame.

In addition to mismanaging the provincial budget, we've seriously mismanaged the Heritage Savings Trust Fund as well. The real value of that fund is always seriously overestimated by the Provincial Treasurer. The actual value, if we tried to realize the value of that by putting shares out on the market and cashing them in, is probably closer to \$6 billion or \$7 billion, which is far less than the actual net deficit of this province if we take into account not just the accumulated deficit that we've been building up through the operating budget but add to that the pension funds which we owe for eventually. When we look at that unfunded pension liability, we're probably looking at a net provincial debt that's in excess of \$18 billion, with about \$6 billion or \$7 billion to balance off that total debt.

Well, if we're going to do something about this disastrous situation that we find the province in, it seems to me that it's imperative that we have to look at some of the reasons why we got into this situation. I'll grant the government's side: that there are some things that you just don't have control over, like falling oil prices. Who could have predicted that kind of collapse?

AN HON. MEMBER: Anybody.

MR. PASHAK: Well, quite a few people did actually predict that. And I suppose if the government was really behaving in some kind of realistic way, they would have managed the economic affairs of this province so that they could hedge against falling oil prices. After all, in the early '80s as much as 80 percent of our operating revenues came from the sale of nonrenewable resources. We certainly could have used the Heritage Savings Trust Fund, as Professor Mansell of the University of Calgary has suggested, as kind of a stabilization fund so that when prices fall, we take money out of that fund; when prices rise, we put money into it. There are ways that that could have been done, but we never even considered doing things like that.

I heard some hon. members talking about using the Heritage Savings Trust Fund for diversification. I haven't seen any example of diversification in this province since I've been elected or in this decade or since the Tories have been in office. Everything that they've done has been based essentially on developing our oil resources and our gas resources. True, we got into petrochemicals, but that's not true diversification. It's not true diversification for this reason: all of those activities suffer when the price of oil declines. That's really the essential problem with the Alberta economy. Basically, when oil declines, so does everything else in this province. If we wanted to develop a meaningful diversification strategy, we should be going into non oil related activities.

And it's not to go into the kind of megaproject development that we've seen in this province either. It's not to get involved in forestry projects that would ultimately destroy most of our northern forests for relatively little return. We'll get \$2 worth of return on the pulp we'll sell that the pulp producers will get \$950 worth of pulp for. The studies that I've looked at indicate that there will be no real long-term permanent jobs created in the northern part of the province. Sure, we'll get some jobs when we build those plants. There'll be some construction work, but the long-time benefit to this province of going ahead with those forestry developments is negligible. It won't do anything at all for our provincial economy, much in the same way that we threw \$500 million into an Oldman River dam. We would have been better off taking a hundred farmers down . . . It's going to come close to half billion dollars by the time it's finished, in all likelihood; those are some cost estimates I've looked at. Even if it's only \$350 million, it's \$350 million that could have been much better spent. There are other ways that you could provide Lethbridge with a secure water supply, through off-stream storage. We could have taken the hundred farmers who would have benefited from that dam and given them \$1 million so they could go down to Palm Springs and play golf with your leader during the winter months. [interjections] I knew that I'd get everybody stirred up with that comment.

Well, Mr. Speaker, returning to the budget itself that's before us, I would like to also argue that the Provincial Treasurer has seriously misrepresented the amount of revenue that we're likely

to obtain during this budget year that's under consideration. I think the government is really grasping at straws. Let me just try to explain why.

On the oil side there are really three factors that primarily will determine the amount of oil revenue we get, aside from a fixed royalty rate. The amount of return we'll get on the oil will depend on the international price. The Treasurer set that price at \$21. Most analysts say that the price of oil over the coming year will be somewhat below that, in the \$20 to \$21 range, so I'm not going to fault him too much for that estimate. But what we've seen is about a 7 to 9 percent decline in total oil production over the last year. That's certainly got to affect his estimated amount of revenue on the oil side.

Another factor that will seriously affect the estimate that he's included in his budget for oil revenues has to do with the value of the Canadian dollar. We know that your federal cousins, whom you love to support so much, are doing everything they can to keep the value of the Canadian dollar as high as possible. They're just pounding up the interest rates as much as they can to prop up the dollar to these artificially high levels which are really penalizing people in a resource province like Alberta. If this government had any sense, they'd really hammer their federal colleagues instead of supporting them as much as they do.

On the gas side I'm particularly alarmed by the government's current policies, because what they're trying to do is export as much gas as they can from this province. They want to see our pipeline capacity into the United States expanded. They want to just flush out all of this gas, which is essentially sweet gas. It was found at shallow levels. It was found often as a by-product of the search for oil. It didn't cost us that much to develop and find that gas. They want to get rid of it as fast as they can. They don't care about the price we get for that gas. They're trying to make up for the shortfall in revenue by exporting even greater and vaster quantities. And if you think we've got a lot of gas in this province left to be found, well, you're the only ones who think that, because you can look at all the expert advice that we get from bodies like the ERCB and other agencies and they don't have the same rosy projections about the future that the Minister of Energy has. The Minister of Energy in this House the other day said that we had a 50-year supply of natural gas on hand in this province. Most people say that it's closer to about 16 or 17 years, and as we discover new gas, it'll be at deeper depths, it'll be in more remote areas, and it'll be more expensive to be brought on-line. I can see a situation in this province where our residential consumers are going to have to pay two, three, four, and perhaps even five times what they're currently paying just to heat their homes in the winter months.

Another reason, by the way, why we're in this tremendous deficit situation that we're in, Mr. Speaker, has in part to do with the kind of remarks that were made earlier by the Member for Bow Valley when he said that city people were really insensitive to the native people in a community like Brooks having their own college operation or branch. I mean, I can be sympathetic to that. We can look at a lot of things that this province did when that oil money was just flooding into the Treasury. I suppose all of our little towns can take a great deal of pride in the fact that they have their own hospitals, that they have their own landing airstrips, that we built a \$350 million Kananaskis park, that we built a Peter Lougheed hospital in Calgary and a similar hospital in Edmonton, that we expanded our universities and colleges beyond all belief, in a certain sense. And people are glad to have those facilities in their communi-

ties, but I ask you, when you have a population of just slightly over two and a half million people, do we have the population base that can economically support this breadth of facilities throughout the province? I want to ask you that seriously, because it's a very important question.

You can build a Peter Lougheed hospital for perhaps \$120 million, and everybody can have a great deal of fun going out with their scissors and cutting the ribbons and getting their names on a plaque and demonstrating what good little boys and girls they are and that kind of thing. But when it comes to operating that hospital, it costs \$55 million or \$60 million a year to operate that, and that's the sense in which our budget's out of control. We've got active treatment beds from one end of this province to the other that are closed up and mothballed because either you can't find doctors or patients to use those beds: poor planning on the part of the government. What we really need are long-term care beds so that people who live in these communities can get the long-term kind of support and assistance they need in their communities.

So there are many reasons why we're in the mess we're in. It's partly inadequate long-term economic strategic thinking on the part of the government. It's certainly waste and carelessness in terms of spending taxpayers' dollars. I just cited some of the ribbon kinds of things as examples of waste. We could go through the legion of financial companies that this province encouraged to set up on shaky financial grounds that collapsed and then had to be bailed out by all the taxpayers of the province; the ridiculous loans that were made to buccaneers like Pocklington and GSR; and encouraging institutions like the Southern Alberta Institute of Technology to get involved in risky entrepreneurial schemes that have put \$10 million of public money at risk.

Mr. Speaker, there's no way that a New Democrat in this Legislature could support the motion that's before us.

MR. SPEAKER: The Member for Three-Hills. The Member for Three Hills was recognized.

MRS. OSTERMAN: Thank you, Mr. Speaker. I apologize for not being on my feet right away, but I was recognized before.

I appreciate the opportunity to participate in the debate this evening. I think all of us will have had a chance to go home on the weekend and visit with our people across our various constituencies to get a sense of how they feel about the budget. It's certainly fair to say that the Three Hills constituents, who are very, very cognizant of the fiscal situation of this province and who continually are asking us to be accountable in every possible way and certainly are aware of things like the rural health care needs and so on, are very pleased with the budget and believe that as long as we are fairly sharing the burden of looking at a reduction of eight years' deficit, we are on the right track.

Mr. Speaker, tonight and in other debate I think we have all heard comments that deal with the various philosophies and approaches to government spending. I certainly was interested in tonight's debate, hearing a number of members talk about their particular philosophy. As I look at my Liberal and NDP colleagues, I guess I feel that to some degree we are hearing a similar message. I think it moves us to look beyond the borders of this province and, indeed, this country, farther afield, to see what socialists are doing in other countries. I think we'll find that very illuminating, because if you look to France and to Australia, many of the things that have been instituted - there

are certainly very small "c" conservative members. Most of the international writers who write about those countries and their finances give a lot of credence to the fact that they have turned from the very pure socialist ideology and look at some small "c" conservative principles in order to manage their economies. I would certainly remind my colleagues in the House of that.

Mr. Speaker, I was troubled tonight to hear some remarks by, first of all, the hon. Member for Westlock-Sturgeon, who talked about all the people who are paying health care insurance premiums, just as one example of the distortion. I think the Provincial Treasurer and the hon. member who is responsible for the Department of Health have made it very clear that there are thousands and thousands of people who, if not exempt from health care premiums, certainly are only paying a portion of those health care premiums. So when somebody talks about that – and it's already been spoken to tonight by the hon. Member for Calgary-McCall and earlier, about health care premiums not being a tax. When we look at some of the other taxes, small though they may be, that have been raised in order to make some contribution to the provincial deficit this year, I'm proud to be associated with that so-called taxation. People in the Three Hills constituency are very mindful that there is no magic, no pot of money buried under the Legislature that's suddenly going to be called into play and that in fact whatever services are delivered in this province are going to be delivered as a result of what it is that people are willing to contribute to those services and that if in fact this is not done, we have the situation we are now in where we have a deficit. Our government is very serious about attacking that deficit.

As we look at those philosophies, Mr. Speaker, I think another one that's manifest is the discussion, as we hear in question period, that we have too many MLAs or too many ministers, too this or too that. Now, it is interesting to note at the same time as well that they are demanding accountability of the government. They have in no way ever mentioned one program they would cut, and we all know that to deliver the programs in an accountable way we must have people. The biggest area, of course, is particularly the area of social services. To make sure that we serve those individuals and do it responsibly takes literally thousands of employees. Those people cannot be cut from their jobs. We all understand what happens when frontline workers are not there able to serve people.

So I submit that the only way the people of the province of Alberta have of keeping the government accountable is not to visit their local bureaucracy but to visit their MLA or write to a minister to ask questions about how a program is being delivered. It takes people out there in the field, working for government, to do that, and I hope the opposition wouldn't continue to suggest that somehow it makes more sense for government to have either a lesser number of elected people or ministers, who in fact are the ones directly responsible to this Legislature and to the people of the province for delivering those programs. But if the hon. members believe that somehow a centrally located bureaucracy is the one that should be in charge of running the government, as we have seen in other instances across this country, particularly noting the example that has been set by the NDP, the people of the Three Hills constituency unequivocally do not want that kind of government. They want to be able to speak to their elected representative in order to get that kind of accountability.

The hon. Member for Calgary-Forest Lawn made some interesting observations about diversification. Obviously this hon. member, like a number of others I've heard speaking, does

not understand how diversification comes about. I'm sure he would if he'd ever been in business and ever had to be responsible for some employees, paying wages or whatever, even something analogous to that. But those of us who have been in farming or in small business know very well that there is absolutely no way you can compete and diversify your economy when you have an overheated energy industry. You plainly and simply cannot compete and pay the wages that an overheated industry, particularly the energy industry – and I think we saw the results of that a number of years ago. So while we can all blow the diversification horn, it is not a practical matter to make that happen, even with all the government assistance in the world, if in fact you have industries that are trying to locate here, small business that is trying to set up here, and they are facing, for instance, wage discrepancies that could amount to maybe two times what they are able to pay in their own area. So the ideal time for diversification to take place is when we see a slowdown in a major sector like energy.

For the hon. Member for Calgary-Forest Lawn to suggest that somehow nothing goes when the energy industry isn't going flies in the face of everything that is happening. The hon. member obviously hasn't looked at the statistics, employment or otherwise, to see that this economy is booming in Alberta. In fact, we must take some care to make sure it doesn't boom too much, because we don't want an overheated situation like we saw here in this province earlier or like Ontario unfortunately enjoyed for a while. They will be reaping the unfortunate side effects of that boom as they see a depression in their real estate, job opportunities, and so on. I think we all know how that costs us. If some hon. members are going to be making speeches about diversification and also about the economy vis-à-vis what it is like when the energy industry is down, I think hon. members will have to realize – and I can certainly help them with some of those statistics and some of that background reading to show them that, in fact, Alberta is alive and healthy today. We do not have a vibrant agricultural economy; we have a reasonably sound economy. We do not have an energy industry that is going full tilt, and yet we see a province that in so many other areas is managing well and has the highest employment statistics in Canada. I would hope those kinds of statistics would mean something to hon. members. Otherwise I'm not sure how it is they gauge their remarks or what it is they would do, what kind of information they would use, to frame some kind of guideline insofar as government participation in the economy.

Mr. Speaker, in looking to what I mentioned earlier, which is the global situation, I did want to get away from just making comments about the opposition, because I guess it is easy for all of us to get fired up and upset with what they're saying. I was reminded of something Victor Borge said. I think everybody knows he's that Dane with a very incredible sense of humour. As I was listening to the opposition, while it is true they were speaking and not singing, I was reminded of Victor Borge when he said that when an opera singer sings her head off, she usually improves her appearance. I was sort of visualizing some of the members of the opposition unfortunately, and forgive me for that. I daydream a little bit over here as I'm listening to people, and I sort of imagined them with their heads off and rather enjoyed it.

But looking beyond Alberta's borders and beyond Canadian borders, Mr. Speaker, let me just say this about how I hope all of us would approach the budget and our responsibility in this Legislature. I wanted to make some comments about a trip my husband and I took this winter. We were fortunate enough to

be in Germany visiting with relatives at a very key time and got a chance to see a lot of young people who had crossed the border into West Germany, to meet with them, and to listen to what their hopes and aspirations were – much like another hon. member in this House spoke to the other day. I think we were all touched by a sense of his family's brush with the Communist countries in eastern Europe and know how precious we need to guard our democracy. Mr. Speaker, one of the things I was struck by as I visited with these young people was their belief that there is no cost too high to gain freedom. We sit in this House – and I guess it is true that I am joking a little bit tonight. It's important that we don't take ourselves seriously but that we take our jobs seriously in terms of representing our constituents. But these young people knew of friends and relatives who had given their lives to be able to vote, to have a say, and how it was that they and hopefully their children in the future would actually run their countries. I thought how small and puny we are in our admonitions about this and that and the next thing in the face of that kind of commitment.

One thing that struck me as I was speaking to them and as they spoke about our democracy was that at the very same time they are fighting and giving their lives for this freedom, in the very next breath, depending on how their democracy is run, they are willing to give it away. There is in the ultimate socialist philosophy that willingness to give it away. In other words, we know that he who pays the piper plays the tune. So all of us who accept payments from government, in whatever form and in what we believe are the very best interests of everybody involved, know that somehow we are giving up a little bit, because in fact we have to do what is dictated to us in order to receive that funding. Mr. Speaker, I think that as we watch the new democracies come into being, we will be very cognizant of what it is they have achieved but also maybe saddened in a way from time to time as we see what it is they are giving away.

Democracy is such a precious – it's not exactly a commodity, but it is a state of being and something we enjoy that sometimes is joked about as well. A fellow by the name of H.L. Mencken made comments about democracy. I read these about the time Mr. Wilson brought down his budget and thought they were rather appropriate. This gentleman said, "Democracy is the theory that the common people know what they want and deserve to get it good and hard." I think we somehow feel just a little bit that way about the federal budget and its implications on, as many like to say, ordinary Albertans, all of us in the running of our democracy.

Mr. Speaker, I think we need to be ever mindful that as we look at our ability to cope, we must also look ahead to the next generation's ability to cope. Getting back to those people who are streaming across the borders from so many of the communist countries, because it isn't only East Germany the people are coming from, I think we see that in time it is literally an historic intersection in the history of the world. Many roads are coming together and intersecting, and people are standing at those crossroads, not always sure what path to take. There is a word in the language of my parents that I thought was rather appropriate in terms of how those people will be addressing their future and how we must be addressing the future we lay for particularly the young people of this province and of this country as we address democracy, because it is so inextricably tied to how we handle the budget process because of who it is that has the handle on the purse strings. Mr. Speaker, the word that I thought was so appropriate is *Fingerspitzegefühl*. In German it means a deftness of touch. If ever there was a time in a global

sense that there had to be a deftness of touch in Europe and other places and a deftness of touch in Canada and Alberta, it certainly has to be now. Because there is something that I submit all of us must think about in this Legislature and we have all been a part of in terms of attacking a fundamental tenet of democracy.

I was taken by the comments made by some grade 8 students one day who were learning about democracy. I asked them what kind of government we had in Canada, and they said democratic. I asked them what that meant to them. One of the things it means is that there will be no taxation without representation. There will be no taxation without representation. Mr. Speaker, there is something that has grown up around us in the last number of years, and it started back in the late '60s when Mr. Trudeau became Prime Minister; that is, a breaking of what probably is one of the cardinal rules of a democracy: there has begun to be taxation without representation. We now have that in Alberta. From time to time in the imbalance of revenues and expenditures that can be balanced off in a very short period of time, I think we can rationalize that happening, because in fact in a slightly bigger picture you don't necessarily look at your economy on a year-to-year basis. But if it goes on for very long, then I submit we have broken that fundamental tenet. The federal government has been doing it for years, and we certainly must make sure that we correct, and this government is correcting, a path that has been very difficult for us in this province.

There is a generation of young people now who are not 18 who are being taxed indirectly, and they have had no vote. There is a generation of people yet unborn who are being taxed, and they have had no vote. Every child that comes into this world right now will inherit a debt all of us have had a part of, that I believe federally is over \$3,000 a year. So they come into the world with a price on their heads.

Mr. Speaker, it's a challenge for all of us to try to bring this information to Albertans, not just complaining, because complaining does not assist Albertans in helping us to prioritize. When we become so political in our discussions that we don't give Albertans all the information they need to help us prioritize, we certainly are not helping the generation ahead of us that I have been speaking to.

Mr. Speaker, I certainly advocate on behalf of my constituents the course our government is on, in a small way trying to achieve greater revenues and in a very large way trying to keep a handle on expenditures and doing it in an evenhanded fashion. When hon. members of the opposition advocate a continuation of what I hope is a very fair policy in that regard and they have suggestions, I'm sure all of us will be listening intently so we may well advocate the same and assist our constituents in laying a better base not only for themselves but for the generations yet to come.

[Mr. Stewart rose]

MR. SPEAKER: To adjourn debate, Mr. Minister? No. Thank you.

Calgary-Buffalo has to be recognized then, and perhaps might be willing to adjourn debate. Calgary-Buffalo.

AN HON. MEMBER: Adjourn debate.

MR. CHUMIR: After I speak. No, I don't wish to adjourn debate, Mr. Speaker.

MR. SPEAKER: You're recognized, hon. member.

MR. CHUMIR: I'd like to make some comments on this budget. Having heard some of the comments of government members, it's quite clear that they have been listening far too much to the ever dwindling number of party loyalists instead of the growing number of disgruntled Albertans.

It's clear that the government's financial management of this province has been an execrable disaster. Now, we all realize, as the Premier has been reminding us lately, that much of our problem has been created through the drop in oil and gas prices. On the other hand, we must not overlook the fact that a large part of the fault rests with the government itself, particularly with respect to a disastrous negotiation on behalf of this province when the Western Accord deregulating oil and gas prices was entered into. At that time what was needed was an agreement which gave us a parachute landing, a staggered reduction in prices, particularly keeping in mind that we had a 25-year supply of natural gas that had been kept to serve eastern Canada. It was clearly foreseeable that if you took off price constraints, that supply would drive prices down. That's exactly what happened, when instead we should have gotten help from the rest of Canada for a number of years in a parachute landing. As a result we would have had a much smaller problem. But did we negotiate tough? No. We decided that what we could do is rely on our good old PC buddies who are now in power in the federal government and good times would be assured. But we've seen the results. We couldn't even get the PGRT removed completely during a period when the industry was bleeding in 1986. Now we can't even get meaningful progress on a \$539 million equalization claim.

Now, the real issue, however, given that problem with our revenues, is what the government's doing with its cards. The fact is that it's doing a poor job. We have developed over the past four years a \$9 billion debt. For a few years the Treasurer outlined a deficit reduction plan in his budget. Last year that plan disappeared totally, and now we see merely general promises of mañana, next year. We'll solve the deficit somewhere around the corner.

The mistakes, of course, are very clear to those who wish to see them, the first of which is in the government's failure to properly account for and acknowledge the true financial situation of this province. In order to clearly focus on the problems before this province, it's necessary to understand them very, very clearly. Instead what we have been presented with is a bag of accounting tricks which obscure and hide the reality. For example, the government in its financial statements omits \$9 billion of pension liability from its statements of assets and liabilities. We heard the Member for Three Hills talking about the taxation without representation of our future generations, of our children. There's a clear example of what's happening. Pensions for current service are a current liability, they're our responsibility, and they should be paid on a current basis. They are a true annual expenditure of each and every year, of now and past years, and they reflect the fact that our deficit should be higher. They're not accounted for because we would have to tell the people of this province that in fact we are spending more than we are actually spending.

Another accounting failure is the elimination of the heritage fund expenditures from the budget. They were there two years ago. Lo and behold, last year they disappeared. We find the Treasurer including \$1.2 billion of heritage fund income in his budget but, no, not the expenditures. The result is that if the accounting were proper, the deficit would actually be \$160 million higher than it was reported.

Another area is that of the Capital Fund, which was set up in 1986. The result is that over \$260 million of expenditures have been eliminated from the current budgetary deficit. I've researched the matter. We've not found any other province in this country that has utilized that creative accounting. The Treasurer has given us justifications, but the reality is that that type of accounting is just not conservative, it's not responsible, and it's not what's needed in this particular time.

Now, when you include these two items that I've noted, which have been omitted from the accounts in the last four or five years, the budget deficit which the Treasurer has told us was \$1.82 billion for the year ending March 31, '90, becomes \$2.2 billion. For this coming year, instead of \$780 million, when you include those two items, it's more like \$1.2 billion, on top of which we find the Treasurer including in his accounts doubtful revenue from this government's claim of \$539 million in equalization payments from the federal government. In short, every accounting trick is being used to increase revenues and to reduce the alleged deficit. Now, the Treasurer is not fooled. Knowledgeable people aren't fooled. Even we on this side of the House have figured that out long ago. The only people attempted to be fooled are those average Albertans who the government thinks they can bamboozle. Well, actually, the only ones who really believe it, I believe, are some of the members on the other side of the House, and I don't think there are many of those either.

That's the first area: reality and facing the true situation, accounting honestly, clearly, and conservatively so that we can assess the situation properly.

The second problem relates to our taxation policy. The taxation policy, the revenue raising process, represents a fundamental policy difference between this government and the Alberta Liberal Party. The reality is that the policy of this government is to assault low- and moderate-income Albertans in terms of its fiscal policy. Its major revenue initiatives have been regressive, and they've hit low- and moderate-income people disproportionately hard.

Let me give you some examples. First of all, we find in 1987 the government imposing a regressive flat rate tax of 1 percent, which stayed in place for two years. It was then reduced to .5 percent for subsequent years. The reality is that the rate was equivalent because of a change in the tax base. Another example. Fuel taxes have been relied on very extensively in the last few years. They've gone up from nil to an estimated \$428 million for the next year. These are extremely regressive. Medicare premiums have been increased, with provision for only a very pitifully low subsidy level at a time when the government is talking of subsidizing day care, for example, up to the \$40,000 level. The government's only response to complaints about this is the feeble retort that this is not a tax. Well, no, it's an ideological gouge.

We have fees being levied for motor vehicles and other daily necessities, nursing home charges being bumped. In 1988 the rental tax credit of up to \$500 was removed for low-income Albertans. In the meantime measures which should have been introduced some time ago, measures in respect of those who can afford it, if common sense rather than ideology had prevailed, such as the financial institution capital tax, a tax which has been levied by all other provinces for a number of years – taxes like that – were ignored, and high-income taxpayers in this province enjoy the financial benefit of the Treasurer's boast of having the lowest personal taxes in this country while many go hungry and are squeezed for rents and otherwise. The net result of all this

is that we have a major extra burden on low- and moderate-income Albertans while well-to-do Albertans get the best deal in this country. Now, that's wrong, and I emphasize that this is a fundamental difference between our two parties, and that policy has to be changed. That's fiscal; it's the taxation policy.

Now, let's look at the expenditure policy, where we find a plethora of misplaced emphasis with respect to government expenditures. Now, wherever I've looked over the past four years since I was elected to the Legislature, I've found waste and extravagance and low-priority expenditures on the one hand while worthy and important areas of expenditure and need are neglected.

Now, let's look at some of the areas where the government has spent our money during the years of billion dollar budget deficits. The Member for Three Hills says that she's never heard us calling for expenditures cuts, programs that we don't like. Well, stay tuned. We have the highest per capita travel budget of any province in this country. It's a rare week when a government member is not on some international junket. We have a propaganda budget which spends millions on silly commercials like the career development ads featuring one of Canada's great female athletes, with the only discernible message being that we should perhaps take up hurdling: hundreds of millions of dollars down the drain. And consider the spending of \$196,000 on cards telling us to enjoy Family Day.

That's only the beginning. Consider that we're spending \$100 million under a very ill-conceived community facility enhancement program, which reflects what happens when you have a pot of money pushing to be spent. The result is that MLAs and others have been going around to community clubs, to golf courses, to curling clubs and telling them to look for ways to spend money, because it's available: apply because you can get it; don't miss out on the bonanza. How silly. The fact is that there are many good projects which are being funded, but lots of them are of extremely low priority at a time of billion dollar budget deficits. Now, this program should be scrapped, some of the money should be given over to the municipalities, which know the real priorities and can make those spending decisions, and a good chunk of it should go to reduce the deficit.

Now, why would the government want to commit to setting up a \$200 million foundation for family life and drug treatment, which again is going to provide a pot of money. The interest on the money is going to be sitting there pushing to be spent by a new bureaucracy that we don't need when we already have AADAC. Now, I've been an advocate right from the beginning in this House for greater resources to go to drug treatment. I've raised the issue in the House. I've been an advocate of it. I've been an advocate for greater resources for families. But include me out when it comes to spending money on a foolish structure like this. I note that the government is dragging it's feet about as slowly as it can; maybe it realizes how foolish it is. But the thinking has to come in advance, not after it's too late.

We've heard some comment this evening already in the hospital area, but we have a horribly overbuilt hospital system, set up in a day when we spent money like sweepstakes' winners, with too many beds in the wrong places and not enough were needed. Too many rural hospitals can't get doctors or properly use expensive equipment which is in place. Half of the Peter Lougheed hospital, which must make the former Premier cringe, has been closed. They have a half-time emergency department. There's a million and a half dollar angioplasty machine sitting up there unused because they don't have a heart program. There's an incinerator they can't use because there are no scrubbers.

And the fundamental structure we have is so unsound, a fundamental structure of competing hospital boards with duplication instead of regional control and co-ordination. I mean, anybody could have seen as soon as you look at that that's just a very silly way to manage your hospital systems.

The worst waste of all is in the business programs. I've been a critic for some time, directly to the Provincial Treasurer, of the Alberta stock savings plan, on which we've blown \$84 million over the past three years or so, with very little economic benefit to this province. The government knew a long time ago that this was a dog, but year after year we've continued to pour money into that. In one instance, \$33 million has gone to one company, AltaFund, which invests in blue chip stocks, many of them Canadian, most of them eastern based, but also many of them United States companies: \$33 million of tax credits, of our money, your money, everybody's money, going to investors in that company. Why should we be funding that kind of boondoggle? The program is terminated. It lapsed after three years of waste and extravagance that we talked about. We pushed right from the beginning, when that program was introduced in this House. Eighty-four million dollars: do you know what you can do with that?

Tourism grants are being given out, millions to improve hotels and motels owned by well-to-do companies like CPR while competitors down the block get nothing. Hundreds of millions of dollars are being put into uneconomic megaprojects like the Husky Oil Upgrader. Then there's the OSLO project. Lord knows we'd like to see the OSLO project advance. There are lots of jobs involved; there's economic development. But do we all realize, when we see in the press numbers of \$300 million or \$400 million being thrown around, that this province has committed \$1,450,000,000 of provincial money alone, \$1,450,000,000 of our money? There's another \$13 billion of federal money. That's \$2.7 billion of government, public money for a \$4.1 billion project. It's been called a dog, uneconomic in any reasonable price projection, by the president of one of the companies involved, Bill Hopper of Petro-Can. It's been called uneconomic by the federal minister of energy.

What does our Minister of Energy do when he hears Mr. Hopper, who should know what's going on, say it's a dog? Does he invite him over to the Legislature to speak to the legislators and inform us? No, he goes and threatens to take away his leases in order to silence him and in order to send a lesson to the oil industry: keep your mouth shut. Instead, we should be hearing more from Mr. Hopper and from the executives of the other oil companies and from the bureaucrats in the Department of Energy. I mean, how else are we going to be able to make these decisions? Certainly not behind the closed doors of the cabinet. That's not a sensible way; that's not how our system is supposed to work in theory. No, that's the way of this government.

Meanwhile, these megaprojects go and take money out of the conventional oil industry, which has been the engine of the economy of this province and which is in terrible trouble. Drilling and service companies in rural areas: that's where rural employment comes; tremendous rural prosperity at issue. This industry is in depression. Yes, conventional oil is depleting, but the reality is that a lot has been discovered and the reserves are much higher. Each year the estimated reserves are increasing, and the fact is that that oil is more economic to find.

So we have to consider ways. Instead of just taking all the money out of that area, we have to seek other ways in which we can improve the prosperity of that sector. We need to consider

adjustments to the royalty regime to get it going. Do we need to consider selling Syncrude? Has anybody thought that if you sell Syncrude, an oil company has got to buy it? Members of the public aren't going to buy it. Somebody who might be putting money into the oil industry and investing, say, \$500 million or \$700 million or whatever it's worth, is going to go buy Syncrude. You're taking money out of the oil industry to put into the heritage fund. What good does that do the economy? I think that's ideological nonsense.

Worst of all, we go and give money to the friends of the government, like Peter Pocklington, which has left Albertans the unwilling owners of an unwanted packing plant. Meanwhile, Mr. Pocklington has managed to bamboozle the government into giving him all that money without taking a personal guarantee of his assets, so he was able to thumb his nose at all of us and waltz off with the Edmonton Oilers and Palm Dairies and Canbra, while we the taxpayers pick up the losses. And the government tells us that everything's under control. Well, that reminds me of a comment of Mark Twain's about one of his imaginary politicians, whose favourite comment used to be: who are you going to believe, me or your own eyes?

Well, anyway, the problem with Mr. Pocklington started with a \$55 million guarantee to Gainers, and then it became our problem once that commitment was made. Now we see elsewhere in the fiscal structure of this province that we have \$2 billion of guarantees which have been given primarily to private enterprise over the last three or four years, many in the forestry area, where we've given away almost a third of this province for a song.

To add insult to injury with respect to all of these matters, Mr. Minister, the government hides from Albertans what it's doing with respect to all of this money. We have the most secretive government in this country, and it refuses to release any agreements with respect to any of these transactions to members of the public. We tried to get documents with respect to the Pocklington affair. I asked right off. As soon as they announced the guarantee to Mr. Pocklington, my first question, followed up by a series of correspondence: "Did you get a guarantee? Hey, it's important." No, we can't see them. You know, the reality is that making deals with billions of dollars behind closed doors without proper accounting and proper scrutiny is a formula for economic disaster, and that's what's happening to this province, because the way we do things is very foolish.

Now, while we're blowing all this money, let's look at some of the areas that need expenditure. We find, for example, that at a time of growing crisis in rental accommodation there are no programs being proposed by this government to address the needs of low- and moderate-income Albertans. We find that legal aid has been frozen at unacceptable levels, preventive health is neglected. We have waiting lists for surgery and for hospital beds. We have no programs for serious problems, and they've been neglected problems like bulimia and anorexia. We have children's mental health, which has been ignored for years. We have little attention to programs to foster tolerance and understanding in an era of growing racism and intolerance. Our universities are overcrowded, with limits on enrollment. Capital funding for equipment in our institutions of higher learning is at crisis low levels. How do we justify putting \$100 million-plus into Gainers under these circumstances?

The policies of the government, Mr. Speaker, remind one of Oscar Wilde's definition of a cynic, "A man who knows the price of everything, and the value of nothing." Well, we're in trouble

financially, and we're very quickly moving in the direction of the federal government disease, with chronic deficits. We're now paying nearly a billion dollars a year in interest. The Treasurer seems intent on betting on high energy prices to save the economy of this province, which is a very flimsy and unsound policy.

The concern that I have is that after four years in this House, there's no sign whatsoever of simple, common horse sense prevailing. The poor decisions continue to be made: the Family Days, the community facility enhancement programs, the Pocklingtons. We need to re-establish a sense of sound priorities. In particular we need more checks and balances. We need freedom of information legislation; we need to know. It helps the other side of the House when they get pressure from a more knowledgeable opposition. We need to beef up the powers of the Auditor General. We need a more effective review process with respect to the budget. Our committees need more power. The Public Accounts Committee, on which I sat last session for the first time, reviewed five or six departments. I tried to get the Provincial Treasurer's department on, and I was outvoted by the government majority. We never had the Provincial Treasurer there, the man responsible for that budget, answering questions on the public accounts. The process itself is flawed when you first even get him before you, but to not be able to get the Provincial Treasurer there in front of you to review the public accounts, never once to ask him those questions, does not serve the people of this province well.

When the Member for Three Hills called for accountability, that's where the real accountability has to come in. We are the leaders. We set the tone of this province. To sit and talk about accountability coming from the people, the average person, to pay some medicare fees, when we are neglecting our duties so badly here, is to set things on their head.

So unless we think better, we're going to continue with fiscal disasters like this budget and previous budgets. It's not just the budget; it's what happens day in and day out in each and every department. We will continue to make expenditures which are wasteful and of low priority while starving many more worthy programs, and we'll continue to place an undue burden on low- and moderate-income Albertans. That's just not good enough, so there's no way this party can support the motion.

MR. SPEAKER: Thank you.

The Member for Grande Prairie.

DR. ELLIOTT: Thank you, Mr. Speaker. It's with real pleasure that I rise here to crowd a two-hour speech into the next 30 minutes, but because of the hour I wish to adjourn debate.

MR. SPEAKER: All those in favour of the motion to adjourn debate by the Member for Grande Prairie, please say aye.

SOME HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

MR. SPEAKER: The motion carries.

MR. STEWART: Mr. Speaker, by way of advice to the members it is intended that the Assembly sit tomorrow evening

in Committee of the Whole for consideration of Bills 12, 13, and 14, and then follow it, if there's time, by Committee of Supply, when the estimates of the Attorney General will be under

consideration.

[At 10:46 p.m. the House adjourned to Tuesday at 2:30 p.m.]

