

## Legislative Assembly of Alberta

Title: **Friday, April 5, 1991**

**10:00 a.m.**

Date: 91/04/05

[Mr. Speaker in the Chair]

head: **Prayers**

MR. SPEAKER: Let us pray.

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

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

Amen.

head: **Tabling Returns and Reports**

MR. FJORDBOTTEN: Mr. Speaker, I'm pleased to file with the Assembly the 1989-90 annual report of the Forest Development Research Trust Fund.

MR. KOWALSKI: Mr. Speaker, I'd like to table with the Assembly this morning the 27th annual report of the Alberta Racing Commission.

head: **Introduction of Special Guests**

MR. ELZINGA: Mr. Speaker, it's my pleasure, sir, to introduce to you and through you to Members of the Legislative Assembly a group of students from the Pine Street school. They're joined by their teacher David Harvey and parents Penny Smallwood and Dennis Neuman. They are in the members' gallery, and I'd ask if they would rise so they could receive the warm welcome of the Legislative Assembly.

MRS. OSTERMAN: Mr. Speaker, I'm delighted today to introduce a group of young ladies from the Airdrie area. They're called the Airdrie Pathfinders, and they're in to study government today. There are 10 in the group accompanied by Kathy Unrau, Gail Armstrong, and Margrete Lambden. I'd like them all to rise and receive the warm welcome of the Assembly.

MR. DINNING: Mr. Speaker, it's a pleasure for me today to introduce a delegation of educators from the county of Kent in England. They are visiting Alberta and visiting Calgary and attended their very first hockey game last night and are going to be cheering for the right team for the next three games. They are here today visiting. They are joined by a number of host teachers and educators from the Calgary board of education, who will be making a return visit to the county of Kent at the end of the current school year. I'd ask them all to rise, especially the leaders of their two delegations, Keith Jennings and Jon Ed, and receive the very warm welcome of members of the Assembly.

MR. SPEAKER: Edmonton-Highlands.

MS BARRETT: Thank you, Mr. Speaker. I'd like to introduce 16 special guests from the riding of Edmonton-Highlands, 15 of them grade 6 students at Newton elementary school. They are accompanied today by teacher Dave Lefever. I'd ask them to rise and receive the welcome of the Assembly.

head: **Oral Question Period**

MR. SPEAKER: Leader of the Opposition.

## Provincial Budget

MR. MARTIN: Yes, Mr. Speaker. To our esteemed Treasurer, Tricky Dicky. They've finally done it. Last night's budget . . . [some applause] The Tories may be pounding; the people of Alberta aren't.

Last night's budget shows the Conservatives have finally turned political deception into an art form, but nobody's buying their picture other than backbenchers, Mr. Speaker. This laughably transparent attempt to fool Albertans is strikingly seen in the ludicrous revenue projections for 1991-92: an extra \$300 million in personal income taxes without any increase in rates, an additional \$400 million in energy income without any firm basis whatsoever, and a slick attempt to throw \$225 million of lottery funds into general revenues for the first time ever; put on that \$335 million from AGT, one time only. The debt is \$1 billion higher, yet he says the debt servicing will be \$75 million lower. Smoke and mirrors, Mr. Speaker. My question to the Treasurer is this: will the Provincial Treasurer explain these projections and tell Albertans why they shouldn't regard these instead as just another billion-dollar bamboozle from Billion-dollar Dick?

MR. JOHNSTON: Mr. Speaker, I knew the results of the balanced budget last night would evoke this kind of response from the Leader of the Opposition. That party does not want to have fiscal responsibility in Alberta – they have made it clear time and time again – and they are the ones that would spend, spend, spend. We made a commitment to the people of Alberta that we would balance the budget. We set out with a plan in 1986-87, when the deficit was \$3.5 billion and the price of oil in July went below \$10 a barrel. Now we have maintained our commitment; we have balanced the budget; we have expanded expenditures in health and education. And we have done it with the lowest taxes of any province in Canada. That kind of performance makes them mad.

MR. MARTIN: Well, Mr. Speaker, the facts speak for themselves. He was wrong in '86, wrong in '87, wrong in '89, and no doubt will be wrong in 1990. Billion-dollar Dick.

I'd like to zero in specifically on his Alice in Wonderland projections for energy revenue. Given that over the last four years the price of oil has averaged \$4 per barrel less than the Treasurer predicts for 1991 and given the rather stagnant state of natural gas prices, will the Treasurer admit that his projections have more to do with politics than with reality?

MR. JOHNSTON: Mr. Speaker, I'm very pleased that the Member for Edmonton-Norwood raised the question of energy prices. The member unfortunately has got his words on record. In June of 1989 the Leader of the Opposition said that in his view the price of oil would be \$10 a barrel – \$10 a barrel. I draw all members' attention to the budget document, which sets out the world oil price forecast. I admit that one out of four years we were below the actual real market price, but in three out of four years we were below what in fact was the world price. We were right on.

Now, the Minister of Energy is going to complement this answer with respect to energy prices, but I draw attention to what the facts are, that we have been very accurate with our oil price analysis. We have drawn upon experts around the world. We look outside the boundaries of Alberta and inside the boundaries to derive our revenue forecast, and we rely on those people who follow the market very carefully. I'd be glad to go

on at length about the way in which the forecast is in place. The revenue forecast is sound. But, as well, the expenditure forecast: by controlling expenditures over the last five years at a rate of expansion of about 1.9 percent, this government's expenditure record, the best expenditure management record of any government in Canada, has allowed us to move to the balanced budget without sacrificing additional income taxes or important . . .

MR. SPEAKER: Good. Thank you very much.

MR. MARTIN: Mr. Speaker, if the Treasurer is going to mislead the Assembly, he has to quote *Hansard* correctly. He knows that I said "some analysts" said \$10 a barrel. He knows that, Mr. Speaker. He knows that.

10:10

MR. SPEAKER: I know it's Friday and the wrong team won last night, but let's have the supplementary.

AN HON. MEMBER: Point of order.

MR. SPEAKER: Point of order well taken. Yes, the Chair is absolutely prejudiced on the matter.

Supplementary.

MR. MARTIN: Mr. Speaker, back to Billion-dollar-wrong Dick. I'm sure now he's going to tell us that when he predicted \$21-a-barrel oil last year, he knew there was going to be a Gulf war. This man is brilliant, absolutely brilliant. But I want to ask the Treasurer to really come clean about this for once and be honest and frankly admit that this is a political document with little economic reality. It has everything to do with him going to a convention this weekend and the Reform having a convention in Saskatoon at the same time. That's what this is all about.

MR. JOHNSTON: Mr. Speaker, since the member does raise the question of a convention, I can say that vast numbers of Albertans are coming to this convention to listen to the kind of message we're giving. And we're not giving away the tickets to this event.

Mr. Speaker, this budget is a carefully crafted document. It's the result of five years of planning. We said to the people of Alberta in 1986, when the price of oil dropped dramatically, that we would take a careful, mannered approach to balance the budget. We'd maintain the lowest taxes of any province in Canada, maintain the priority programs, and control it by reducing the expenditures and the size of government and increasing the efficiency. This plan which has been presented here does just that. Mr. Speaker, these are the kinds of choices Albertans want governments to make, this is the kind of dedication to a plan that Albertans expect of this government, and these are the kinds of results we are delivering today.

MR. MARTIN: Back to the Treasurer, Mr. Speaker. I do agree that it was carefully crafted, a carefully crafted political document. That's what it was.

Mr. Speaker, I want to say that this budget not only reeks of dishonesty but is needlessly cruel and heartless. This budget is going to put Albertans out of work. First of all, 800 provincial employees will lose their jobs. I say to this Treasurer that decimating sort of front-line job-creation departments like Transportation and Utilities, Municipal Affairs, housing, Agriculture, and economic development guarantees that

hundreds and perhaps thousands more will get the axe. These cuts themselves total \$386 million, and these are the departments that create jobs in a recession. I want to ask this question then: could the Treasurer tell us how cutting jobs is going to help the Alberta economy?

MR. JOHNSTON: Mr. Speaker, this budget plan does show that the size of the civil service will be reduced. In fact, we have said in this budget that as of today the size of the civil service is below what it was in 1978-79. But we have still maintained the kind of high-level services to Albertans, and we have done it by internal adjustments to increase the efficiency and administrative effectiveness of the way in which we operate. We told you and Albertans last year that we would do a project-by-project review of the programs. We have looked at duplication to see how we can improve the efficiency. We did just that.

Mr. Speaker, these are about 800 FTEs, full-time equivalents, that this budget talks about. Some of these people will be given priority opportunities for other jobs in a reorganization, and still further, some will have an opportunity to take a special retirement plan should they wish. The numbers are not anywhere near the 800 the member talks about. These are full-time equivalents. We control it by dollars, not by positions. The kind of fearmongering I heard from the Member for Edmonton-Norwood is just false. This government has had a record of carefully managing the size of its personnel. We put in place in 1988 an early retirement program which was compassionate and fair, and this program will have the same kind of tone: compassionate, honest, and objective.

MR. MARTIN: Compassionate. Smile, Dick, when you say that.

Mr. Speaker, talk about efficiency. While they're slashing service jobs and making sure unemployment is going to go up, the hypocrisy goes on. They refused to tighten their own belts at the top of the ladder. I still notice 28 cabinet ministers sitting over there that we don't need. I notice the Deputy Minister of Health gets a 10.6 percent increase, the Solicitor General's department a 21.5 percent increase, and surprise, surprise, the Treasurer's own office budget gets fattened by 9.6 percent. What hypocrisy, Mr. Speaker. I want to ask the Treasurer this: how does the Treasurer justify throwing out frontline workers at the same time they're fattening the top? How do they justify this?

MR. JOHNSTON: Mr. Speaker, that just isn't the case. As I've said, and I want to make it very clear, the quality of services delivered by this government will not change; in fact, it will probably improve. As a government we have to continually assess the way in which we deliver programs. We are not stagnant and dull like the opposition; we are dynamic and moving forward to adjust our programs. Part of that requires reorganization, and that's what this plan does show.

But since the member did talk about unemployment, let me say that up until this morning Alberta had the lowest unemployment rate in Canada. That didn't just happen as a matter of coincidence, Mr. Speaker. That was part of the other plan we have in place, the diversification plan. Now, these people don't really like it when we say that our unemployment is the lowest in Canada, that we have effectively generated more jobs and more people are coming to this province, immigrating here because they want to live in Alberta, where the choices are clear, where the opportunities are clear, where the taxes are low. This morning the unemployment number slipped a bit; we are now

second to Saskatchewan. But in the meantime over 21,000 people have come to our province to seek an opportunity, to seek real jobs, to seek high-paying opportunities, a place where families and individuals have a right to survive, not like the kind of command economy you would expect from the socialists across the way.

MR. MARTIN: The reality is that there are 2,000 more people out of work today than there were last month, and it's going to get worse under this government.

The point I want to make about throwing people out of work – it's going to happen – is that it's going to put increased demand on other government programs like social services, reduce tax revenue from these workers, and inevitable extra costs will come from the erosion of services, Mr. Speaker. That will end up costing the province much more in the future. I want this Treasurer again to come back to the point I made to begin with. Will this Treasurer come clean and admit that throwing Albertans out of work is a desperate attempt to out-right-wing the Reform Party as they go into their convention? That's what this is all about, isn't it?

MR. JOHNSTON: Mr. Speaker, Albertans realize that this party forms its own opinions, sticks to its own plan, and decides its own policy. If you look clearly at what we have done over the past five years, we have been exactly consistent on that side, that you have to control the expenditures of any government. You're going to see over the next few years, Mr. Speaker, that the size of government deficit is going to increase more rapidly in other provinces than many people expected. We already saw the size of the Canadian deficit, and that's enough cause for concern for most Canadians. Albertans want a balanced budget. They want us to control the expenditure. We've done just that.

Now, the Member for Edmonton-Norwood knows full well that he's using very inflamed rhetoric when he talks about casting people into the streets and doing that sort of thing. That really is unfair. He used the word "dishonest." I won't push that, Mr. Speaker.

What we have done here, as I've said, has been a fair response. We are going to provide any people whose job has been changed because of reorganization a first choice at another job within the system. They have a priority opportunity. Further, Mr. Speaker, we have provided, as we have done in previous years, a very compassionate response to those people who wish to select or opt for an early retirement by providing special retirement options to those people.

We don't know how many people will be affected, because with attrition, with other job changes because the economy is very strong right now and job opportunities abound in Alberta, probably very few people in total will be laid off. This is a statistical number. This is a control number. This is a budget efficiency number, Mr. Speaker. It doesn't relate to people. We're very, very concerned about the people. We have always been compassionate, and we'll continue to maintain the priority of protecting good jobs and good people.

MR. SPEAKER: Leader of the Liberal Party.

MR. DECORE: Mr. Speaker . . .

MR. SPEAKER: I'm sorry, hon. member. I'm sure all members will try to speed this up. I know it's the first day after budget. But very briefly, Minister of Career Development and Employment.

MR. WEISS: I feel it's only astute of me at the same time to correct an inaccuracy reported by the hon. member. There are more Albertans working at this time in the history of the province, 1,245,000, and in actual fact we have the lowest rate in Canada if you take the unadjusted . . .

10:20

MR. SPEAKER: Thank you, hon. minister. [interjection] No, there will not be a supplementary. Edmonton-Glengarry. [interjections] Order. Edmonton-Glengarry.

MR. DECORE: Mr. Speaker, in every budget the hon. Treasurer has managed, he has bungled the projections terribly. If you were in the private sector as a financial officer, you would have been long gone. You would have been fired for the kind of work this Treasurer has done. Given that the Treasurer's neck is way out this time because he's promising a surplus, will the Treasurer, after looking at his books a year from now, undertake to resign if the books aren't in balance as he's promising they will be? Talking about the record, let's get this on the record.

AN HON. MEMBER: Will you resign if they are?

MR. JOHNSTON: That's right. I think if anybody's calling for resignations, Mr. Speaker, it would be the resignation of that member across the way. We know what he has done. His performance has been abysmal, and everyone in Alberta knows that.

MR. DECORE: That shows the confidence the Treasurer has in his own budget: no confidence.

Mr. Speaker, one of the things our Treasurer has been telling us time and time and time again is that there is going to be a plan, a plan to pay down the huge debt of this province, a plan to pay down the unfunded pension liability. There is no plan in this document, Mr. Treasurer. I want to know why.

MR. JOHNSTON: Well, Mr. Speaker, I would be glad to draw the member's attention to the plan. There's the plan. There it is right there. In 1986, when we had a disastrous economic situation – we had a low oil price; we had a severe recession; we had interest rates working against us – we said to the people of Alberta: "There's the plan. We will take a deficit of \$3.5 billion and over a five or so year period on a conscious and moderate basis we'll return to a balanced budget." That was the plan.

There's no question that given the backdrop of changes we experienced on oil and gas, on interest rates, on the recession which impacted in Alberta, we did have some problem on the revenue forecast side, and the deficit, of course, did increase. But we used a moderate approach. We used the resources of this province to ensure that the quality programs continue to be extended to Albertans: health and education. We maintained the lowest income taxes of any province in Canada and still did not bring in a retail sales tax. Now, the Liberal opposition across the way would have been taxing you to death. We did the conscious and right thing; we controlled expenditures. Our record is clear: a 1.9 percent expansion on average since 1985-86. That's the plan. We've delivered on the plan, the economy is strong, and still we have the lowest taxes of any province in Canada. Now, that's performance, Mr. Speaker. That's the plan, and that is a clear picture of the future of this province.

MR. DECORE: Mr. Speaker, I think the Treasurer had his diagram upside down when he was showing it to the members of this Assembly. If this is your plan to pay down a \$10 billion debt and a \$9 billion unfunded pension liability, Albertans are really in big trouble. This is no plan. I want to know where the plan is that you promised to bring forward in this budget. Tell us where it is.

MR. JOHNSTON: My, my. He must have been taking those classes on acting as well, Mr. Speaker.

The member knows full well that unlike opposition parties, we take it step by step on a clear and conscious managed basis. The first step, step one, was to move the deficit from \$3.5 billion down to a balanced budget. We did that over the period I've already talked about, the way in which we gradually reduced the size of our expenditures while maintaining a strong economic profile in Alberta. The next step, Mr. Speaker, as I did say in the budget, is to direct the surpluses to retiring debt. Remember one thing: this province of Alberta has more assets than liabilities than any other province in Canada. In fact, we're in very, very good shape financially. Secondly, we're the only province in Canada, the only government in Canada, that has a chance to retire its debt. I would say, frankly, a lot of other provinces will never be able to retire their debt, and you can see here that we have a plan to do just that. The next step is to get after the debt, and we'll do that with the same kind of dedication and the same sort of plan as we've done with respect to balancing this budget this year.

MR. SPEAKER: Cardston.

### Oil Prices

MR. ADY: Thank you, Mr. Speaker. My question is to the Minister of Energy. I'm sure the Treasurer would rely on the minister to arrive at a projected price for oil in preparing his budget. Today the price of oil is about \$20. However, the budget tabled last night used \$23 to project revenues. Can the minister give us the basis for this price projection? What basis did he use to assist the Treasurer in arriving at \$23 a barrel?

MR. ORMAN: Mr. Speaker, obviously it's very difficult to select an oil price, and over the last number of years we have endeavoured to do a forward analysis of what supply and demand balance would be and what economic activity and economic growth would occur in the developed nations. Basically, those are some of the elements that determine the oil price. As the Provincial Treasurer pointed out yesterday in his budget, three out of the last four years he has been conservative, under the actual price. I think that's very indicative of a conservative approach to oil prices, although we did have one year when we had unforeseen circumstances of prices in the \$13 range. There are two recent implications that have an impact on lower prices today. That is, OECD nations accumulated forward stocks in anticipation of a protracted war in the Middle East. Once those forward stocks are depleted, there will be more of a supply/demand picture coming into the equation of prices. The second issue was a warmer than anticipated winter. Temperatures in this decade were warmer last year than any other time, and certainly we recognize that that has a lower . . . This traditionally is a time of year when prices are soft compared to the balance of the year.

MR. SPEAKER: Supplementary question, Cardston.

MR. ADY: Thank you, Mr. Speaker. I'm sure the minister realizes that world inventories vary according to world events, and during the last year we had some wide swings in the price of oil primarily due to the Gulf war. What factors does the minister see that will impact on the price of oil either positively or negatively during the next 12 months that are contingent on our budget?

MR. ORMAN: Mr. Speaker, with regard to the next 12 months, we certainly recognize that there is no certainty at this particular point in the Persian Gulf. As a matter of fact, there's been uncertainty in the Persian Gulf for the last 3,000 years, and we don't expect that to change in our coming budget year. There is civil strife in Iraq. We still have fires in many of the fields in Kuwait that have taken those fields out of production. We see the possibility of a civil war in the Soviet Union; they have reduced their exports substantially. Those all will have an impact on prices over the coming year.

I should say in conclusion that I recently did an analysis of the average price for the last 10 years, and that price was \$24.77. We're under the last 10-year average. I think that's a conservative approach to oil prices.

MR. SPEAKER: Calgary-Mountain View.

### Provincial Tax Regime

MR. HAWKESWORTH: Thank you, Mr. Speaker. Last night I imagined the public works minister muttering: "Mama don't allow no lottery fund raidin' around here. I don't care what mama don't allow; I'm going to raid your fund anyhow." The Premier said he wouldn't allow any tax increases around here either, but that didn't stop the Provincial Treasurer last night from taking another \$200 million out of the pockets of ordinary Albertans in various increases and only a token increase of \$25 million from corporations. Given that the Provincial Treasurer doesn't care what the Premier won't allow and is going to raise those taxes any way he can, will he tell us why he's so bent on making Alberta's tax system more unfair every time he does so?

10:30

MR. JOHNSTON: The member knows he's dead wrong. He knows it. The facts are clear. As I said in the budget, Mr. Speaker, this province has the best tax record of any government in Canada.

Let me simply recite some of the fundamentals. First of all, the budget document tabled last night shows that the province of Alberta on a personal basis has by far the lowest income taxes of any province in Canada, and secondly, we have no retail sales tax. What does that do? That puts valuable dollars back in the pockets of you and I as Albertans to give us the advantage to be able to buy the kinds of goods and services we need. As a matter of fact, it shows up consistently in the retail sales per capita, where Alberta has outstripped other provinces in terms of retail sales per capita. That's why you have a flourishing small business sector. That's why you have more people at work, that's why you have more people coming to this province, and that's why you have new investment taking place here at the highest level ever seen anywhere in Canada. And that is why jobs are generated. Now, I don't understand why the opposition party, the socialists across the way who continue to talk about the necessity for jobs, doesn't realize that formula. It's investment that generates jobs, Mr. Speaker, and that's what we've done.

Now, the member also talked about the lottery funds. What he said is that we shouldn't have used the lottery funds. Well, that is just as inconsistent as ever, Mr. Speaker. One member, the Member for Calgary-Buffalo, sued us to get us to use the lottery funds for general revenue purposes. The opposition party across the way continues to say, "Get that General Revenue Fund full of lottery funds, move the lottery funds in." Well, what we did is this. We took lottery funds, \$225 million, and transferred them to the General Revenue Fund, and we did that for two reasons. One, it does not require increases in taxes. That's a clear choice: use the lottery funds; no tax increases. Secondly, it still maintains the priority . . .

MR. SPEAKER: Thank you, hon. Provincial Treasurer. That's what happens with preambles and questions. Let's have it.

MR. HAWKESWORTH: Well, Mr. Speaker, the Provincial Treasurer had big retail sales taxes in his budget last night.

In last year's public accounts the Provincial Treasurer wrote off \$81 million in an item for corporate taxes that were not collected by the Alberta government, and in his forecast last night the Provincial Treasurer admitted he'll not collect \$105 million in corporate taxes from this last fiscal year. Mr. Speaker, how can Albertans believe the Provincial Treasurer, that even this token increase in corporate taxes in his budget last night will actually be collected?

MR. JOHNSTON: Mr. Speaker, I can assure you that the member is first of all accurate on at least one point; that is, we did increase the taxes on large corporations last night by one-half percent. Large corporations are doing very well in this province, Mr. Speaker, very large profits. Their investment intentions are clear. They like to be here in Alberta. It's the place for large corporations to be. See, for example, the relocation just last year of TransCanada Pipelines to Alberta. See the relocation of a variety of other companies to this province.

Now, what we didn't do is increase the small business tax. The small business tax is exactly the same as it was last year because small business is the core of our economy, generating new jobs, triggering new investment, providing creative intellectual opportunities to manifest themselves in investment, in dollars, and in fact in profits. That's why the corporate tax increases were there, and that's why we did not have to increase the personal income tax as the Premier committed to. The last time there was a tax change in this province, Mr. Speaker, guess what? It was a tax reduction.

MR. SPEAKER: Calgary-Buffalo.

#### **Provincial Budget** (continued)

MR. CHUMIR: Thank you, Mr. Speaker. Last night's budget document is a classic example of political propaganda by a provincial comedian who has underestimated budget deficits by \$2.7 billion over the last five years. The cheers of government backbenchers for the Provincial Treasurer reminded me of the champagne cork popping when Robert Campeau announced that he had successfully taken over Allied stores. Where prudence is called for, we have wishful thinking in revenues. Where reality is called for, we have trick accounting. I'm wondering whether the Provincial Treasurer can tell us by what principle he includes heritage fund income as part of his budgetary revenues

but two years ago changed his accounting so that he now does not include the Capital Fund expenditures of \$109 million this year as part of the budgetary expenditures. How does that equate?

MR. JOHNSTON: Mr. Speaker, I'm sure everybody in Alberta is just as confused about that question as I am. So I can only answer by saying first of all that we have a balanced budget, and that's a clear message to Albertans.

MR. CHUMIR: Well, maybe we'll have some better luck with the Minister of Energy, who seems to have been called into action already. I'm going to ask the Minister of Energy whether he might be able to explain the assumptions with respect to natural gas prices and productions which would justify an estimated increase of \$200 million in natural gas revenue in the budget at a time when natural gas prices are under continuing downward pressure and there's no visible increase in production this year.

MR. ORMAN: Mr. Speaker, it's quite simple. If the price is flat – and basically the price regime we're using for this year over last year is flat – if we're getting increased revenues, I'm sure he would learn in grade 4 math that it means we're selling more gas.

MR. SPEAKER: Calgary-Fish Creek.

#### **Horizontal Well Drilling**

MR. PAYNE: Mr. Speaker, on page 9 of the Provincial Treasurer's Budget Address last evening, we're told that conventional oil production here in Alberta is in decline. Most of the members are aware, I'm sure, that horizontal drilling technology has the potential to improve the productivity of our oil wells here in Alberta. I was therefore encouraged by the Minister of Energy's recent announcement of reduced royalties on horizontal production. I'm wondering: can the minister advise the Assembly today what increases we can expect in productivity and drilling as a result of these lower royalties?

MR. ORMAN: Mr. Speaker, the horizontal well program is really in response to something that is on the leading edge of technological advancement in the energy industry. As we know, in the province of Alberta we export our technologies through advances that are made here in the province. I really see and we believe that horizontal well drilling is the way of the future. It allows us to drill wells off surface target areas that may be in sensitive farmland or parks areas and still explore for the hydrocarbons underneath. At the same time, it will increase productivity because the engineering principles associated with horizontal wells will increase substantially the ability for us to recover oil from reservoirs. From many reservoirs, Mr. Speaker, we can only recover 50 to 60 percent of the production based on vertical wells. Horizontal wells will allow us to increase that by 25 to 30 percent.

We have put in place a two-year program to monitor the horizontal well activity, and we expect that between some 5,000 and 10,000 barrels a day of increased production will occur. It's not a lot in the overall scheme of things when we produce 1.3 million a day, but it is leading-edge technology, and we believe that through the next decade it will be the way of the future to increase energy production, oil production in the province without finding many more reservoirs.

MR. PAYNE: Mr. Speaker, as the minister is aware, I'm sure, there are limits, however, on our crude oil production that are regulatory in nature. I'm wondering: would the minister be prepared to ask the Energy Resources Conservation Board to review their current caps on allowable production and well spacing?

MR. ORMAN: Mr. Speaker, I would indeed be pleased to do that. Along with this program it would make good sense to approach the ERCB and ask them to review their production allowables and spacing requirements for horizontal wells, because the two do go hand in hand. So I will be asking the ERCB to do just that. That will be another way in which we can increase production of conventional crude oil without substantially finding new pools, so it will in fact have a positive impact in the future on our budgetary revenues.

MR. SPEAKER: Edmonton-Kingsway.

10:40

### **Provincial Budget**

*(continued)*

MR. McEACHERN: Thank you, Mr. Speaker. My questions are to the Treasurer. Every year the Treasurer finds new and imaginative ways to hide the real deficit of the province when he brings in his budget, and this year was no exception. If you want to check the 1990-91 forecast, you don't look on page 32, where the balance between revenue and expenditures is, you turn to page 38 and look at the Net Cash Requirements. I wonder if the Treasurer would finally be honest enough to admit that if you take the \$1.76 billion here and throw in the heritage trust fund expenditures, the deficit is going to be \$1.9 billion, not the \$1 billion he projected for last year.

### **Speaker's Ruling Parliamentary Language**

MR. SPEAKER: Before the Treasurer gets up, I'm sure the hon. member will take due care in the future that these compliments or words that are being thrown around can be applied in a generic sense, but when you start applying them in an individual sense to an individual minister, it's completely out of order.

Provincial Treasurer.

### **Provincial Budget**

*(continued)*

MR. JOHNSTON: Mr. Speaker, what the display has been providing has been on a consistent basis with all other displays that we have given to this Legislative Assembly. The information is very clear, is presented in a forthright, up-front manner, and it shows the following facts: this is a balanced budget, we will have a small surplus of about \$33 million, and obviously there are variations in terms of cash requirements. In fact, if you look at the numbers, you'll find that there is a variation between the amount of debt outstanding between December 31 and the end of the year simply because we have cash requirements at various periods which aren't necessarily matched with our cash flow in from various sources.

Mr. Speaker, all the information is up front. It's a balanced budget. The heritage fund will be debated here, the Capital Fund will be debated here, and the General Revenue Fund will be debated here: a full and wide opportunity for all members to participate, to ask questions of members, and to fully understand what has happened. I sure hope the Member for

Edmonton-Kingsway takes a chance to understand it. From what I understand now from his comments, he doesn't know what he's talking about.

MR. McEACHERN: Mr. Speaker, the Treasurer doesn't know what he's talking about. I was talking about last year's budget, and he immediately started talking about this year's budget. Obviously, he's got a guilty conscience.

The numbers show that the consolidated deficit for last year will be approximately \$1.9 billion, not the billion dollars he said. When you add that \$1.9 billion to the \$9.8 billion accumulated debt of this province, that's \$11.7 billion that this province is presently in debt.

AN HON. MEMBER: Question.

MR. McEACHERN: Well, give me a chance.

Mr. Speaker, will the Treasurer admit that that \$11.7 billion is just within an inch of even his inflated estimate of what the real financial assets of the heritage trust fund are?

MR. JOHNSTON: Mr. Speaker, it seems like we're going in circles, if I try to understand what the Member for Edmonton-Kingsway is saying. I'll try to reduce it to a very simple form here. What we did is provide our best forecast as to the year-end, March 31, '91. That shows a deficit which is above the \$780 million budgeted number that we forecast a year ago at this time but still not far off what we think was the realistic number. We think the deficit in 1990-91 will be about a billion dollars or so. This year we've gone from that billion-dollar amount down to a balanced budget, generating a small surplus of about \$33 million. We have also said in these budget documents that the debt of the province of Alberta, including the General Revenue Fund and the Capital Fund, is about \$10.4 billion.

At this point, I can say very clearly that that's our best, best estimate of what is outstanding at the time the budget is brought down. As I indicated before, the amount of borrowing may change on a day-to-day basis because of the cash flow requirements. However, what we can specifically say is that we have balanced the budget. We have not done it with elaborate or expensive tax increases for people. We have maintained the priority in the areas of health and education. Now that we've balanced the budget, we'll go on to reducing the debt, as I have indicated. That's the next part of this plan. I'd like to be more specific, but we have to get through this year in particular.

Finally, Mr. Speaker, as I've said before, Alberta is the only province in Canada with more assets than liabilities, the only province. Part of that is because of the integral strength given to this province by the Heritage Savings Trust Fund. That's why . . .

MR. SPEAKER: Thank you. [interjection] Thank you.  
Stony Plain.

### **Farm Income**

MR. WOLOSHTYN: Thank you, Mr. Speaker. Judging by last night's budget, farm families never have been and still are not a priority with this government. Farm families have been subjected to brutal spending cuts, including the elimination of the fertilizer rebate program and massive increases in the cost of farm fuels. Since 1986 the rebate on purple gas has been cut from 14 cents to 2 cents per litre. The rebate on purple diesel fuel has been cut from 14 cents to 8 cents per litre. To the

Minister of Agriculture: given that Alberta Agriculture has forecast a 43 percent drop in farm income this year, plunging it to near depression levels, and further that many farmers are not able to pay last year's operating costs, how can the minister justify dramatically increasing the input costs via the fuel and fertilizer programs at this time by cutting those programs out?

MR. ISLEY: Mr. Speaker, the hon. member seems to be missing some very important points in that budget. I'd also like to review in person some of the mathematics because I'm not sure where his figures are coming from. I think you've got to remember that particularly with the grain and oil seeds sector we've been assisting by helping with input costs, whereas in the red meat sector we've moved more to stabilization, safety net programs. The point this member is missing is that we have about \$50 million new dollars in that budget to cover our share of the revenue insurance option which, for the first time once it starts paying out next fall, will guarantee a stabilized level of return to that sector of the industry, much like other sectors have enjoyed.

To keep the assistance in input costs during this crop year the fertilizer program continues until the end of July. There's been a small reduction in the total differential of purple gasoline, but also the hon. member should know that most of the fuel burned in the fields of Alberta is diesel, and we have maintained until next fall, after this crop is off, the 19-cent differential between the farm fuel and the nonfarm fuel . . .

MR. SPEAKER: Thank you. [interjection] I'm sorry.

Supplementary. I'm sure the minister can work it in there.

MR. WOLOSCHYN: I'm sorry I mentioned fertilizer, Mr. Speaker.

Just as a clarification to the minister, my figures come from Alberta Agriculture publications.

Now, given that this proposed insurance plan will not begin providing benefits to farmers until this fall, and given that the Unifarm president is on record stating that some farmers will not be able to purchase seed this spring, what steps is the government going to take to ensure that the farmers can survive long enough to benefit from the GRIP program?

MR. ISLEY: Mr. Speaker, I have no problem with the hon. member mentioning fertilizer; I just wish he wouldn't spread it.

With a little research the hon. member should also know that the revenue insurance option is a bankable program. If the hon. member would do a little more research, he would know that coming out of the last federal/provincial meeting of ministers of agriculture, in view of the fact that provinces have now stepped into participating in the so-called second line of defence, the federal government has assumed responsibility for the third line of defense. There are some strong indications coming from the Hon. Don Mazankowski that there will be some further, third line of defense programs this spring. But I would remind all members that with a bankable program that is guaranteeing a minimum return either out of the marketplace or out of the program, our farmers have better access to operating money this year – the grain and oil seeds sector – than they've had in quite a number of years.

MR. SPEAKER: Edmonton-Gold Bar.

## Provincial Budget

(continued)

MRS. HEWES: Thank you, Mr. Speaker. Last night the Treasurer boasted that his government's expenditure management record is the best of any government in Canada despite the fact that this province continues to have the highest per capita expenditures in the country. I believe that fiscal responsibility should begin at the top. While the minister claims his commitment to cutting costs, as we look at the budget we see that ministerial office budgets have increased overall by over 4 percent, one by a whopping 14 percent. Mr. Speaker, my question to the Treasurer is: how can the Treasurer justify imposing a clutch of exorbitant tax increases – health care premiums, gasoline taxes, co-insurance, and so on – on ordinary Albertans while at the same time rewarding ministerial colleagues for fiscal incompetence? It seems we've got an inexcusable double standard here.

10:50

MR. JOHNSTON: Mr. Speaker, I'm sure the member will notice that in the budget we have set out very carefully how we have contained costs, how we've reduced expenditures, how we downsized the government's administration. In doing that, Mr. Speaker, we focused on hosting and travel, slashed dramatically over the past five years. On a variety of other administrative costs, which are part of the government's system, these have been reduced, reduced, and reduced. That's been the plan.

What we have done here is refocused dollars from within the budget. The budget presentation shows very clearly that we've used money from within the budget resources to focus back on the key priority areas of health and education and to some extent social assistance. That's how we've done it, Mr. Speaker. The graphs speak for themselves. The statistics are clear. If the member wants to direct her attention to the budget, an accounting to Albertans, we have spelled out there how in fact that happened. I want to confirm that in the case of health, about a 10 percent expansion; in the case of education, about a 6 percent expansion; in the case of the environment, about an 11 percent expansion. We did that and still maintained the lowest taxes in Canada because we refocused our expenditures. That's what the people of Alberta wanted, and that's what we gave them.

MR. SPEAKER: Thank you. A brief supplementary. We're beyond the end of question period.

MRS. HEWES: Thanks, Mr. Speaker. Albertans aren't fooled by these comparisons; they see the waste.

The minister has made repeated empty promises over the years to bring expenditures under control. Will he now commit to third-party efficiency audits of ministerial offices as a means of setting an example to Albertans? Stop the double standard.

MR. JOHNSTON: Well, the only double standard is in the minds of the Liberal opposition. We have expanded their expenditure money for the caucus dollars at a very rapid rate, Mr. Speaker. They were the ones in the Legislative Assembly here asking for raises. They wanted to raise our wages. They were part of all that, so they can't hide behind the veil of innocence here. They were advocating more money for their political agenda, and we were trying to control it.

MR. SPEAKER: Dealing with a previous question period, the Minister of Energy with a response to an issue raised by Calgary-Buffalo dealing with Syncrude.

### **Syncrude Loan**

MR. ORMAN: Mr. Speaker, I understand that yesterday the Member for Calgary-Buffalo asked the Premier a question relating to a loan provided to the Syncrude partners for the basic engineering and planning for the proposed Syncrude expansion project. That loan was provided for by the government. It was intended to preserve the momentum in research and design work in the event the Syncrude expansion went ahead. As you know, the Syncrude partners have as a priority the development of the OSLO project. I point out to the hon. member, Mr. Speaker, that if the project does go ahead, then the loan is repayable to the provincial government at that time.

MR. SPEAKER: Calgary-Buffalo, a brief supplementary.

MR. CHUMIR: The real question is: why is it that taxpayers of this province should be paying to benefit some of the largest corporations in North America with a loan on which there's an annual \$10 million interest benefit and which may not be repayable at a time when these corporations have got record profits from Syncrude? Why shouldn't it be repayable? Why the benefit?

MR. ORMAN: Well, Mr. Speaker, the Syncrude project has delivered to the province of Alberta \$1 billion in revenue. We see this as a modest contribution to promote the expansion of the project in hopes that they could double the return to the province. In addition to the \$1 billion we've received, that project will continue for many years. We hope to improve the efficiency, and certainly their environmental record is strong, but we want to encourage that research and development on the environmental side with regard to the tailings ponds is continued whether or not the OSLO project goes ahead.

So, Mr. Speaker, it was in response to that 230,000 barrels a day of synthetic crude oil in this province. It's a strong commitment we have to develop our oil sands, and we see this as a way of furthering that along in addressing future revenue opportunities for our provincial government.

### **Speaker's Ruling Brevity in Oral Question Period**

MR. SPEAKER: The Chair would like to point out that today a certain amount of latitude was allowed by the Chair with the length of the preambles and the length of the answers because of the importance of the budget document as brought down last evening, but I'm sure that starting Monday we can all shorten our preambles and the answers in great degree. Unfortunately, while we have been making good progress in Question Period most days, on this day we have left seven members standing in the wings.

### **head: Orders of the Day**

MR. SPEAKER: Might we revert briefly to the introduction of special guests?

HON. MEMBERS: Agreed.

MR. SPEAKER: The Minister of Culture and Multiculturalism.

### **head: Introduction of Special Guests (reversion)**

MR. MAIN: Thank you, Mr. Speaker. There are in the public gallery 22 students and two teachers from Riverbend junior high school in the beautiful springtime constituency of Edmonton-Parkallen. They're here with their teachers Mike Suderman and Debbie Martin. They've been with us for the last half hour and watched the proceedings with regard to our outstanding budget. I'd like them to stand and receive a warm welcome from all members of the House.

### **head: Government Motions Provincial Fiscal Policies**

9. Moved by Mr. Johnston:  
Be it resolved that the Assembly approve in general the fiscal policies of the government.

[Adjourned debate April 4: Mr. Martin]

AN HON. MEMBER: Be nice.

MR. MARTIN: Mr. Speaker, the member says, "Be nice." I always try to start off in a very nice, gentle way and compliment the Treasurer as I have in the past. The Treasurer is a very, very good reader; there's no doubt about that. Also, while I'm on compliments, what a beautiful tie the Treasurer has on today: very colourful, just like his budget.

MR. JOHNSTON: Happy ties for happy times.

MR. MARTIN: Happy ties, yeah, just like happy faces. That's the nature of the budget. There's no doubt about that.

Let me go from there and talk about the financial status of the province and tie in the budget if I may at this time, Mr. Speaker. Let's look at the relative financial status of the province, and let's look at it not through the rose-coloured glasses of the Treasurer but at the actual reality. Now, nobody denies that we have serious problems in this province with the debt. I would remind people that that debt has been created by this government. Nobody else has been in power. They'd like to blame it on everybody else, but the reality is that they've been the ones in power that have created this debt.

Now, if you look at the consolidated debt admitted by this Treasurer last night, it is \$11.7 billion. You add that to the unfunded liabilities, and you're up over \$20 billion, almost \$21 billion. That is a lot of cash; there's no doubt about that. Now, Mr. Speaker, the Treasurer could argue, and I suppose correctly so, that there are still a few dollars left in the trust fund, not nearly the amount they put in it. He's well aware of that. I don't know what it's worth – I doubt that he does either – but it's probably somewhere in the \$7 billion to \$10 billion range. The point I make about this is that clearly we face big financial problems in this province. The Treasurer, I suppose in an optimistic way, talks about the debt, talks about balanced budgets. Of course, we have to be concerned about a financial deficit over a period of time. You can't go on and on and on and on having a debt, because your debt servicing is going to go up. We're all well aware of that. It's how we come at it that is the important point.

Now, just as I try to do a brief history lesson, Mr. Speaker, why is this debt there? Why is it there? I'm not going to go on a long time, but I want to keep repeating it for this government. When they talked about diversification in the '70s, they didn't do it. They spent money, as I said before, like drunken sailors in

the '70s. We had money for this, that, everything: not things that were needed necessarily, but there was lots of money flowing through here. Thirdly, as I mentioned before, the triumph of ideology over common sense. The oil industry and this government said, "We want the world price of oil and gas." Well, we got it. We got it all right, just as the price was coming down. This is one of the major reasons we have the deficit. If you look back at 1980-81, the Treasurer would agree with me, roughly 51 per cent of our revenues came from our natural resources, and that's down now to about 25 per cent. I say there's the problem, Mr. Speaker. We got deregulation, and it killed us.

**11:00**

Anyhow, that's ancient history. You can't turn back the clock. It would be nice to do that, but you can't do that. So now, Mr. Speaker, the code words coming from the Treasurer are "balanced budget." We hear it and we hear it. He talks about all his accurate projections. I said to him a couple of weeks ago, I believe it was, in question period that that's why we call the Treasurer Billion-dollar Dick. He seems to always be out around a billion dollars, and I expect this year will be no exception. I look back: '86-87, roughly a billion out; '87-88, roughly a billion out; '88-89, out \$1.1 billion. Oh, it really did well in 1988-89; it got down to \$830 million. Now he says that this year he's only going to be out \$307 million. I will predict right here that it'll be a lot more than \$307 million. When we go back and look at what they forecast and the actual that eventually comes in, it's usually much higher. Just go back and take a look at the forecast and the actual next year, and you'll see that it's going to be a lot more than \$307 million. I think the Treasurer knows that, because that again has been what's happened in the past. He's well aware of that. So probably the \$307 million is a very "conservative" estimate which will skyrocket.

Now, it seems to me that in the past few years the Treasurer's policy come budget day was, and I've said this before: very optimistic, happy faces; colourful ties; colourful rhetoric; tell us how wonderful everything is in the province; and give the rosiest, most optimistic projections possible. I don't understand the reason for that, because you usually have to pick the price up a year down the line when they're wrong, but it seems they hope people will forget, that they'll just listen to the rhetoric rather than look at the actual reality, Mr. Speaker. Traditionally they overestimate oil and gas revenues. The Treasurer now will say . . . He knows that quote, if I want to read it again. He and I have discussed it. I said at the time that some analysts were saying that, trying to give a conservative estimate. Last year he predicted \$21 a barrel. Even at that they didn't get the amount they said they were going to get.

Imagine how wrong he would have been if the Gulf crisis hadn't occurred. I mean, for the first number of months it was at \$16, \$17. It's even down now. It's around the \$19 level, I believe. I haven't looked at that today. It was \$19.30 a couple of days ago, around that level. Imagine how wrong he would have been. Now, I know that the Treasurer is going to say that he talked to Saddam, he knew he was going to go into Kuwait, and he knew that the Americans were going to jump in and have a massive war there. He had that all as part of his predictions. I'm sure that's what the Treasurer would lead us to believe, Mr. Speaker.

Then the stabilization is always there. We're always fighting the government. He always puts it in: \$195 million. I hope we get it. I've said that. It's worth going after. Don't get me

wrong. My point is it should not be part of the budget till you get it. I've said that before. We've done that year after year after year.

Then the other cute reality that this government has got into more and more is the whole special warrant spending. This is from a government that is supposed to know how to budget. You know, business gives them a lot of money, the major corporations. Somehow they think they're the business government. Well, if a corporation did what they did, I'm sure the CEO would be thrown out. Look at the special warrant spending. It's not just this year, Mr. Speaker. There is a trend there: 1986-87, \$188 million; 1987-88, \$286 million; 1988-89, \$369 million; 1989-90, \$392 million; and last year, 1991, \$598 million. Special warrant spending's tripled. That's \$1.8 billion since 1986-87.

[Mr. Deputy Speaker in the Chair]

Now, this is fundamentally wrong for a couple of reasons. Number one, it is undemocratic. Even in Alberta the Legislature is supposed to control the purse strings. As I mentioned in question period, there was a king beheaded in British parliamentary history. He'd have been all right if he'd been here: just pass a special warrant. The reality is that besides being undemocratic because it's done by cabinet behind closed doors and only reported after the fact, the other part of it is it is sloppy. This is an absolutely sloppy way to budget, Mr. Speaker, absolutely sloppy, because there is no reason for the cabinet ministers to worry about their budgets. If something comes up that they want, "Oh, we'll just pass it with a special warrant." So it's a very dangerous, dangerous precedent. I hope that with this budget the Treasurer at least has an actual budget, that they don't plan to come back, as they've done in the last number of years, with the amount that they've done in special warrants.

Let me go into this 1991 Budget Address. As I said in question period, Mr. Speaker, the Treasurer has really outdone himself in this particular budget. I mean, this is really a classic – that term, for those people who understand – smoke and mirrors document, sleight of hand. You know, Magic Johnston, Tricky Dicky: all have come together here. As I said, this is a political document pure and simple, and it really has not much to do at all with the fiscal reality of the province.

I want to go back, as we did in question period, and look at these revenues. Now, I suppose something strange like a Gulf war could occur. It's possible that he could get lucky. I suppose anything's possible, but that's not the way to budget, to take the rosiest picture around as the government has been doing. That's not a very good way to budget, because you're most often wrong.

Now, let's go through. The price of oil: \$23. Well, we've talked to some other analysts again. I know the difficulty. First Boston: if you didn't like them last year . . . The reality is that when I talk to analysts – I will give the Treasurer this – it is very difficult, with the deregulated market that they wanted, to predict accurately. It seems to me that if there is a range, and I've heard a range of between \$17 and \$25, you take the most conservative, if I can use that word, estimate. That makes your budget. If you get more money, you can throw it into your debt or wherever you need it. That seems to me the logical way to budget. Most people said to me that \$23 if not unrealistic at least is at the upper echelons of what they think the price of oil is going to be. My point is: why do that? Then if you're wrong, if it averages \$20 let's say for example, what do you do? Next year we've got a bigger problem because you've budgeted on that. My point to the Treasurer is: why not take a more

realistic one? If you get more, great, then your deficit will come down faster. That's the way one should budget. But I would suggest to you that there's possibly \$440 million, \$500 million one way or the other that we could be wrong right there.

11:10

The Lottery Fund, Mr. Speaker. We don't argue that it shouldn't be debated here in the Legislature, that it shouldn't be part of revenues, but in one given year to say all of a sudden that we're going to use it to balance the budget, one time only, is, frankly, misleading. It really isn't a balanced budget. What do you do next year to balance that budget if you don't have these sorts of revenues?

Then the tax increases of roughly \$500 million. You know, you look at roughly \$300 million coming from personal taxes. Well, Mr. Speaker, this is at the same time as we've already had a trend down in Alberta in terms of jobs. The Treasurer admitted that today. At the same time, we don't know what the oil revenues are going to be. At the same time, they are cutting jobs in this province. At the same time, there are massive cuts – and I'll come to that – in the job creation departments. Other governments when they go into recession or high unemployment, that's the one area they want to spend money on, those sorts of areas, the capital works projects, because they want to keep people working and not put them on welfare. That eventually is the choice. Remember that in '86-'87 with the 3 percent cut the government didn't save that much because the welfare budget skyrocketed. So I just say that's Alice in Wonderland fantasy that that much more is going to come from personal income taxes.

Then, one time only, AGT. We're not going to have that.

Well, part of it's in the trust fund. What about NovAtel? Let's look at the whole picture then. [interjection] Yes, Mr. Speaker. I know last year, but \$335 million: you're not going to get that from AGT every year to balance your budget. That's the reality. You may have losses with NovAtel. We know what's going on there. So you can't say next year. Where are you going to get those one-time-only projects to say that you balanced your books?

Mr. Speaker, the other one that's very interesting. As the debt has gone up, even admitted by the Treasurer – and it will probably be more, over a billion dollars. He's just like Michael Wilson. "Oh, look at the interest rates. They're all going to come down." That's not the projection of a lot of people. Even though they have a billion dollars more debt, the Treasurer says that his debt servicing will be down \$75 million. Boy, that's really quite wishful thinking, I would think, very wishful thinking. Again, always looking at it in the best possible light.

Now, Mr. Speaker, the point that I try to make, and I mean it seriously – I don't know if this Treasurer's doing it or if the Premier needs something – is that this a political document. The Treasurer knows this. I noticed yesterday that when he announced the balanced budget, he smiled. The Treasurer is an intelligent person. He knows what he's done with this document. This is a political document. It's nice for the Premier especially to go into the convention and say, "Gee, what a great fiscal manager I am; I balanced the books," even though everybody in Alberta knows that it's smoke and mirrors. It keeps the right-wing natives happy there. Balanced budgets: you know, that's like throwing drugs at a drug addict. They love it. Then also a convention is going on at the same time with people like Bert Brown that might move over provincially and federally. They've got to keep their right-wing flank happy. They're meeting in Saskatoon. We know that's what this budget

is all about. They hope that a year from now when the facts come in, as they have in the past number of years, the people will forget. Well, Mr. Speaker, Albertans are not fools. They will not forget. They know this budget for what it is, and they will know that.

Let me go into the thrust of basically the political ideology that the Treasurer talks about, Mr. Speaker, the preoccupation in one given year with the balanced budget. Now, I've already mentioned that it is important. Over a period of time you have to concern yourself about a financial deficit, but there are ways to do it and ways not to do it.

Now, the government doesn't like this, but there is absolutely no doubt that our social infrastructure is in trouble in this province, absolutely no doubt at all. You can say, trumpeting this figure and that, that you increased health care, and in real dollars you have, but that's recognizing what's been going on in the past number of years. If you look at what we talked about, the local authorities, which are mainly the social programs, since '87-'88, in advanced education, in real dollars – and this is again "probably a conservative estimate" because institutional inflation, as the Treasurer well knows, runs higher than personal inflation. This is based on the consumer price index, which is probably low. Since that time, including this budget, there will be a 14 percent decline in real dollars. You can't hide your head in the sand. We have serious problems of overcrowding in our advanced education institutions. For the Minister of Advanced Education to say that it's worse in Newfoundland is irrelevant. This has been a wealthy province, Mr. Speaker.

In education we've had a 13.1 percent cut in real dollars since '87-'88; in health, in the hospitals and nursing homes, in real dollars a 10.4 percent cut; in local health units a 14 percent cut; and in municipal grants – it's going to get a lot worse from this budget than even I predicted – it's been 15.5 percent. Those are the figures that count. The point I want to make is that it's shortsighted to keep cutting here, because it's like the advertisement about the car: you can pay me now or you can pay me later. You don't save money over the long haul by cutting into these areas. There's absolutely no doubt about that.

The government talks about a global economy. Well, the best way to do that is to have very advanced higher education facilities, Mr. Speaker, not the declines that we've had. So to say in any given year that you've balanced your budget, you're going to face massive problems with your infrastructure down the way. We have a growing population below the poverty level, I can assure you. If you want to talk to real people – these aren't figures – come out with me to my riding and I'll show you what it's like. We have a health care system that is not operating well right now. We have advanced education and we have public education, especially in rural Alberta, that is having a great deal of difficulty. Down the way you're going to pay a big economic price for that, Mr. Speaker. That's the reality. Now, I call this false economics, bogus economics, when we do these sorts of things.

I want to indicate to the Treasurer that countries that have strong social spending usually, almost in every case, have better economies. I'm speaking of western Europe. I'll give him some figures here, Mr. Speaker.

Contrary to the myth perpetuated by business and the government, by international standards . . . Alberta is part of this; I'm looking at Canada as a whole now. . . . the provision of social services in Canada is a disgrace, and Canadians in aggregate are not over-taxed. The latest comparative data . . . reveal that Canada's social spending is about 21% of its gross domestic product (GDP). Remember that: 21 percent.

The average member state in the Organization for Economic Cooperation and Development (OECD) spends about 25%, and most European countries spend over 30% of their GDP on social programs.

I would point out, Mr. Speaker, that almost without exception those countries are doing better economically than Canada.

The absence of a decent level of social expenditures in Canada is reflected in the rate of poverty in [this country].

Certainly we're right at the national average in a rich province like Alberta.

Our level of poverty in Canada is among the highest of the major industrialized countries. A recent comparative study estimated that about 12.5 per cent of Canadians live in poverty. This was . . . twice the percentage of citizens living in poverty in such countries as West Germany [which had] (5.3%), Norway (5.2%), and Sweden (5.3%).

Even more shameful, the poverty rate among children is higher in Canada than in most other industrialized countries, with the notable exception of the United States. Over half the children in one-parent families (51.2%) live in poverty in Canada; that is over five times the rate in Sweden (9.8%), for example.

My point in going through this, Mr. Speaker, is simply this: it is bogus and false economics to keep cutting back or not to at least keep up to inflation in social spending and think that's somehow going to help your economy. The facts speak for themselves in parts of the world on that.

Now, Mr. Speaker, I want to go into the other part of the budget, the second part of my questions today. I said, and I believe this, that this is, on paper – let's say the most optimistic forecast comes about. If it does, and I've already indicated that I don't think it's going to, but if it does, it's going to be done on the backs of the working poor, the working people in this province, because this is a cruel and heartless budget.

#### 11:20

Now, let me just point out again the questions I was asking. I would point out that when other governments go into a recession, they have high unemployment, and we do have even if it's not the national average. I can't help it if they have a national Conservative government, too. Mr. Speaker, the reality is that it is high here. At one time this would have been a national disaster. You know, we talk about the national average being around 8 percent. I can remember, and I'm sure the Treasurer can. Now we accept it and somehow say the economy is doing well. We know unemployment is much higher than that. That's only the people that are registered.

Besides the frontline jobs that they admit they're not going to have, which is going to create unemployment, as I mentioned . . . I mean, the big-ticket items. If you wanted to move in when you're dealing with a recession because you'd rather have people working than paying welfare and worrying about the social breakdown that occurs, most other governments try to at least channel that money in the short run into jobs that can quickly create good permanent jobs. I look at transportation: down \$110 million. It has implications for the environment too. It has implications for light rapid transit in our cities, Mr. Speaker. I look also at Municipal Affairs: down \$170 million. What are the municipal people, the local governments, going to do? They're in difficulty. They don't have the taxation bases that the provincial government has. All we're doing is shifting off our responsibilities onto them, and they're the ones that create the jobs. They'll either have to cut back in services or go more in debt, and if they're in debt, as the Treasurer knows, we're still in debt. It's the same taxpayers. That's all we've done. When you look at it, there's something like, I believe, \$386 million from those types of departments that could

create jobs. At the same time that the unemployment rate will be going up, in career development they've cut back by \$35 million. There isn't going to be much money there for retraining and re-education.

Mr. Speaker, this is what makes it cruel and heartless. So if you do by some fluke get a balanced budget, we know on the backs of whom it's been done: the poor and the working people of this province. That's the ultimate reality and the irony of this particular budget.

Now, when we prepare a budget, there's really – I mean the Treasurer can make it sound very complicated, because he's quick with words. Often you ask a question and you wonder what question you asked by the answer he gave. The reality is that preparing a budget is fairly straightforward. You ask two questions. All governments, regardless of their political stripe, are going to collect revenues, are going to collect taxes, lottery funds or whatever; they're going to collect money. The question you ask: are they doing it fairly? Are they doing it equitably? That's the first question one asks. If I may say so to the Treasurer, the answer to that for this government is an absolute and definite no. We have the most unfair taxation system in the country, even worse than Brian Mulroney's.

Mr. Speaker, just listen. In the '80s over 600 wealthy Albertans had \$1 billion in income – I'm talking about the provincial taxation system – and did not pay one red cent, not one penny. So we're missing that revenue. At the same time, in 1987 people making – listen to this – \$15,000 or less, almost all of them below the poverty level, paid \$50 million. Now, that's atrocious and it's unfair, but besides that it's revenue that we're missing.

The goal in the '50s used to be that we would somehow get 50-50: 50 from the corporate sector, 50 from individual taxpayers. In the early '60s in this country it was roughly 60-40: 60 percent from individuals, 40 percent from corporations. In this province over the last four years it's 94-6: 94 percent from individual taxpayers, 6 percent from the corporate sector. Now, besides being unfair, the point I'm making to the Treasurer about his balanced budget is that we're missing millions of dollars of revenue. I'm not saying overly tax them; tax them compared to the United States or even some of the other provinces. There's a lot of money there, Mr. Speaker, if you want to go after that.

Now, the Treasurer will argue, and I'll give him credit for a stumbling step forward, "Gee, we really went after the major corporations, \$25 million." Well, I'm glad we've got the \$25 million, or we will get it, I hope. For them that's like spitting in the bucket, Mr. Speaker. It's not very much money when you're looking at the type of ride that they've had in the past. So the answer to the first question, collecting revenue, is no. We're not doing it fairly, and we're not collecting the revenues we should.

Mr. Speaker, all governments, regardless of their political stripe, spend money. Then the second question one must ask is simply this. Have they got their priorities straight? Are they spending it in the right areas? The answer to that is an absolute and definite no, and Albertans are well aware of that. You ask them if they like spending \$250 million on the failed business ventures of friends like the Pocklingtons of the world. They'll tell you the answer to that. Do they like the fact that because we didn't properly regulate our financial institutions, that cost us another \$450 million? Ask them that question. Ask them about the NovAtel fiasco. Just go out and ask them. I can assure you that I have. People see this tremendous and absolute waste, and they say: "Yes, but we have hospitals closing down and our universities are overcrowded. We don't have money for the poor, but we have these sorts of figures for these sorts of

people." Mr. Speaker, that says it all about this government and their spending priorities.

It was interesting listening to them today. When I heard the Treasurer say, "Boy, this is how we create jobs," all of a sudden at that desk I thought I saw Herbert Hoover, the old American president that believed in the trickle-down theory: the more you give the corporate sector, the more you give to the rich, some of it will trickle down. Well, I can assure him that people in my riding and Albertans all the way around do not feel trickled down upon recently, Mr. Speaker. That's the old bogus economics, Herbert Hoover's days, that you're handing us, Mr. Treasurer. It doesn't work; it's never worked. As I pointed out, the countries that know about it have learned from it.

11:30

So I say to the Treasurer, yes, when you look at a budget, there are three things you have to be concerned about – revenues, as I mentioned – and you cut. Yes, where there are unnecessary frills that maybe we don't need for a while at least: no doubt; go through that. But you didn't do that in this budget. There are 28 of you sitting over there, and a place like Ontario with almost three times the population has 23. Quebec's the only one that has more cabinet ministers, Mr. Speaker. If you want to set an example, that's where you do it: start at the top, not at the frontline workers. That's why we went to the trouble, without having access to all the information that the Treasurer does – but I think, again, that it was probably a "conservative" estimate – and without affecting the programs and starting at the top as the basis we were able to cut \$521.5 million out of last year's budget. I'm sure when we look at this one, that we'll be able to do the same thing. We put that paper out, and it had three general principles. As I said:

Real cutbacks at the top . . .

Much can be done to reduce the managerial bureaucracy [at the top level].

There must be an end to the secretive ad hoc use of public money to prop up a variety of private sector [companies].

I notice in the budget that we're into that for another over \$3 billion. What happens if our economy goes stale there? We could be handing out a lot more money for loan guarantees. I thought this was a free enterprise government. Even the chamber of commerce doesn't want it. I don't know why this government wants it. I thought they took their marching orders from the chamber of commerce.

Mr. Speaker, I'm not going to go through the whole paper. I've talked about the cabinet ministers, the Public Affairs Bureau. Why do we need that? The foreign offices: I'm not sure what they do. If somebody could make the case for me at some point, but I've never been able to find out what they've done. The trade and tourism commissioner; economic development projects financing. Get rid of Vencap for \$200 million. The private-sector tourism grants – I mean, I could go on. There are ways to cut, Mr. Treasurer. So, yes, we should cut the budget where we can, and yes, we should look towards productivity over the long haul; that's the most important thing. It's just that the Treasurer and I disagree about how we're going to get there, as he's well aware.

Mr. Speaker, I conclude by saying this: what you have to do with the debt they've created is take it seriously. Yes, the financial deficit is important, and we have to be concerned about it over a period of time, but what is also important is the human deficit. You have to balance the two, and you may have to do that over a period of time. That's the logical, smart way to budget. You don't overestimate every year, as this government has done. I'm glad to have an opportunity to speak here, but I

think my message will come home because there's a bunch of people out on the steps of the Legislature that want to talk to me. I'm going to go out and have a few words to say to them right away. I think if the Treasurer wants to come out, he might get the point they're making too.

What I want to say is this: it's time, frankly, in this province, and I think more and more people are recognizing it, that we had a government that represented all the people in the province, not just the wealthy and the corporate sector. With an approximately \$20 billion debt, I think we can no longer afford this Conservative government. We can no longer afford it, Mr. Speaker, and the people in Alberta are going to give them the message in the next provincial election.

Thank you, Mr. Speaker.

MR. THURBER: Mr. Speaker, it's kind of interesting listening to the Leader of the Opposition, and I was really glad to see that he started his comments by complimenting the Treasurer, because he should. Everybody in Alberta has hollered for a balanced budget, including the hon. Leader of the Opposition. We've got a balanced budget. Well, why is he not happy? Because he's a preacher of doom and gloom. The reality of the history lessons that he's been giving us here this morning is that it's easy to be doom and gloom. It's your job when you're in the opposition; it's the only thing you can do. You'll never have the opportunity to sit on the other side where you would have to produce as opposed to just criticize.

Mr. Speaker, in the last year or two those of us on the government side of the House have sent out many questionnaires and talked to our constituents on a continuing basis, and some of the things we listened to were made very apparent by any conversations you had with our people in Alberta, the thinking people. They said: "Get rid of the deficit. Balance the budget. Use some lottery funds. Instead of adding on more taxes where you have to, use some of those lottery funds. Put them into hospitals and put them into general revenue. Use some of that money, because that's not tax money; it's voluntary money that comes out of the lottery funds." I maintain that we've done that. The people asked us to do it. We have done it.

The members of the opposition predict doom and gloom. The reality of the situation is that we have done what we have promised: we've come down with a balanced budget. Now we can work on the deficit. You reduce your deficit by getting a balanced budget first. You reduce payments on your debt by keeping the debt down, by not adding to it. It's easy to preach doom and gloom, but you can't predict world oil prices. The fact of the matter is that they've been predicted very well over the last six or seven years. In 1986 the crash hit Alberta; everybody knows that. The budgets at that time were set on a \$40 barrel of oil. All of a sudden we've got \$17 oil, \$18 oil. That's quite a thing for a government to deal with, Mr. Speaker, and it's very difficult, but through the leadership of this government and through the Treasurer and the people that worked on the budgets from that point on – they made a promise to Albertans that they would come down first of all and they would balance the budget. That's been accomplished. It was presented last night. Now we'll go on, and in time to come we'll work on the debt and get rid of it, but it takes good management and it takes sound predictions.

We've heard today how we can't predict the price of oil. It's unfortunate that the hon. Leader of the Opposition has gone on record again. He went on record before; it was brought home to roost with him this morning. That was interesting. He should

be careful that this shouldn't come back to haunt him because it generally does, and it's been proven already here that his predictions aren't as good as he thought.

**Point of Order**  
**Factual Accuracy**

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

SOME HON. MEMBERS: Citation.

MR. DEPUTY SPEAKER: Does the hon. member have a citation for this point of order?

MR. McEACHERN: Yes, just quoting inaccurate information. [interjections]

MR. DEPUTY SPEAKER: No point . . . [interjections]  
Order please. Order please.

MR. McEACHERN: The Treasurer knows full well; he just won't admit it.

MR. DEPUTY SPEAKER: Order please. The hon. Member for Edmonton-Kingsway should realize there's a debate on. The hon. members of the Assembly listened to the hon. Member for Edmonton-Norwood without very much chit-chat, and I imagine there was a lot of disagreement too. I don't see why the hon. Member for Edmonton-Kingsway has such a thin skin.

The hon. Member for Drayton Valley, carry on, please. [interjection]

There is no point of order.

**Debate Continued**

MR. THURBER: Thank you, Mr. Speaker. You know, it certainly seems strange to me that what's good for the goose isn't good for the gander around here. We're allowed, as we should be allowed, the same rhetoric, I suppose, that the opposition is allowed, where you can stand up and say anything. That's part of the rules of the game, but those of us on the government side stick to the facts. The facts are in the Budget Address. They don't like it. They don't like it because their people are probably telling them: "Hey, why don't you get in there and support this government? They're doing something good for a change."

**11:40**

There had to be a stand taken somewhere along the line to make this happen, to balance the budget and get rid of the deficit. Mr. Speaker, many days of deliberation and negotiation and thought went into this budget. Everybody had to bite the bullet a little bit. We all know that. We're all businessmen on this side of the House. We've hired people, and we've been in business most of our lives. We recognize the facts of the business world: that if you're going to do something like this, you have to do it in a realistic manner where everybody pays their fair share. Certainly it hurts. You bet it hurts, but even by doing that, Mr. Speaker, we have looked after the poor, we've looked after the elderly. If you read it, if some of the people in the opposition read this and study it carefully, you'd find that the seniors are looked after. Home care, health care: those budgets increased. Health care is 10 percent. He said it's not real dollars. Well, in my view, 10 percent of the four-something billion dollars that goes into health care is a lot of money, and certainly it's going to help a lot of people.

They talk about unemployment: unemployment went up a little bit. Now, what I would like to know, Mr. Speaker – and somewhere along the line one of the ministers will probably answer me – when we say we have 7.3 percent unemployment: is that a bad thing? How many people are still employed? To me that says that we still have 92 or 93 percent of everybody who wants a job working. In my view that's good news. That's not happening in Ontario; it's not happening anywhere else in Canada. It's happening in Alberta. We have a lot of people working. Through this government's policy of diversification over the last few years we have more jobs coming, we have more people coming to Alberta. The budget speech directly indicates that something like 25,000 people came into Alberta in a short while. We have the infrastructure to handle these people; we have the jobs here for them. Certainly at this time of year you're going to have a seasonal unemployment boost. We're getting into spring breakup. A lot of the rigs are shut down, pipelines are shut down. Everything slows down that time of year, but just wait.

MR. WEISS: Three construction projects are just starting.

MR. THURBER: Sure. Once we get going on the construction projects, we'll be away. The plants, Al-Pac, pipelines, Caroline, and of course the Lloydminster upgrader – once we get by that, then watch the people come into Alberta. It's the only salvation spot in North America right now. They keep coming in, and we keep giving them jobs. I think that's good news, Mr. Speaker.

This is a good budget. It's a balanced budget. We were told there was a lot of smoke and mirrors and that it's shortsighted to cut jobs. You go out and talk to the people in my constituency, talk to ordinary citizens in Alberta. The first thing they're going to tell you: you get rid of some civil servants. With all due respect, maybe we have too many. Maybe we can provide some efficiencies in the service, provide the same service but maybe with less people. I think that's what we should do. I think we have to do that.

The hospitals, the health care givers are talking about cuts. There are no cuts. There's more money there. To speak on hospitals and health care for just a moment, Mr. Speaker, hospital boards are elected or appointed as respected citizens in that community, but with that election or appointment goes the responsibility to manage the funds of that particular facility in a proper manner and still give the best health care we can. I agree that at some point in the late '70s and early '80s we were maybe putting too much money into these things. Things grew in such a hurry because the oil industry was flying, people were moving to Alberta. We needed these facilities. The projections were that it would continue. Then all of a sudden some things happened outside of this province that brought everything to a grinding halt. People were used to having their budgets increased. They now had to look at holding the line. There haven't been any cuts, but: hold the line, manage your money, be more efficient. Those of us that have been in business know that we have to do that. We've done it all our lives or we wouldn't survive. That's what we're telling the people, and the people are telling us. We're telling the hospital boards and the care givers out there that we want you to manage that in an efficient manner. We have the best health care system anywhere. We also spend more money per capita on health care in this province than they do anywhere else. So we have to deal with that. We have to force these people to build some efficiencies into the system. Regionalization of certain services in the hospitals is one area. We need coterminous boundaries

in some of the other areas. This is an area that's completely under review and should continue that way to help these people achieve those efficiencies that are necessary.

We have to continue to review our programs: every one of them. If they don't fit the need that was there when the program was put in place, the program should be reviewed and either revamped or taken out of the system. I think that's what's happening. I know that in the different caucus committees that I sit on we have done that in a variety of ways. We look at every aspect of that particular department and try and do what's reasonable. The people of Alberta know that they have to share in this, and as long as we're fair and equitable, I can't see it being a problem.

The opposition is continually bringing up the so-called failures of our investments and our guaranteed loans and the grants that apply under certain programs. Mr. Speaker, I suggest to you that the vast majority of these are successful. We've had a few failures; there's no doubt about it. If you don't want to have any failures, don't do anything, because that will sure keep you from having any failures, but if you want to diversify the economy and provide thousands of jobs for Albertans, you have to get out there in the marketplace as a true, caring government and put your money where your mouth is. You're not always going to win, but so far we have a vast majority of this that's been successful.

Mr. Speaker, we've heard people criticize the special warrant system that's used from time to time by any responsible government. As a responsible government this government knows that there are paydays to be met, there are services to be performed, and bills that need to be paid. You have to have some flexibility in your system so that you can deal with them and deal with them in a responsible manner. We don't know how many forest fires are going to be in Alberta. Possibly the Leader of the Opposition could predict that. He's doing pretty good on the gas; he hasn't hit it yet, but he's still trying.

Mr. Speaker, this Budget Address that was brought down by this government under the leadership of Don Getty has shown foresight not only in the past but in its plans for the future. If you look at some of the graphs, if you take the time, particularly members of the opposition, you'll see why it's a tough thing to balance a budget in this province. But tough steps were taken. You can look at a graph that shows the original agreement with the federal government on the transfer of payments: we're only getting half of what was agreed to in the first place. Now, how do you deal with that? Do you go back to the people and ask for more tax dollars to make up the difference? No, we balance the budget. We cut down expenses and deal with it in a realistic fashion.

If you look at our revenue, Mr. Speaker, they talk about personal income tax: taxes are too high, too much taxes in the province. We're not getting any money from the corporate income tax. Corporate income tax was raised. The personal income tax in this province only amounts to less than a quarter of all of our income for our revenue. We've made it up from nonrenewable resources. Corporate income tax is 7 percent. It provides a big chunk of the employment in Alberta, provides people with jobs. Heritage fund investment income, 12 percent: we always hear there's no heritage trust fund there. Well, if it's 12 percent of our budget, where did it go to? That looks like a considerable sum to me, coming from a good source.

When you go to the expenditures, Mr. Speaker, and you look at education and health, if you go out and talk to people on the street, they say, "You've got to put more money into education, more money into health." They're doing that. This government

is doing it, maintaining a healthy status and the best health standards probably in North America, for sure in Canada.

11:50

Mr. Speaker, the future of this province looks bright. If you read the Budget Address and look at the diversification that's gone on in this province, we're standing strong; we're doing the things that should be done. There's a recession in Canada. We heard a lot of figures quoted about Canadian statistics. We're not dealing with Canadian statistics here; we're dealing with Alberta statistics. Under the leadership of this government, this budget speech brings a fair and equitable program to Albertans with a future that looks bright: the hottest spot, as I said before, in North America.

Mr. Speaker, thank you.

MR. DECORE: Mr. Speaker, the hon. Member for Drayton Valley, in the conclusion of his remarks, made the observation that Alberta was "standing strong." Well, I don't know. He kept talking about his involvement in business, and I wonder what kind of a businessman or businesswoman would think they were standing strong if they had a \$10 billion accumulated deficit and a \$9 billion unfunded pension liability and no real plan to deal with that problem. I would hardly think that would be a definition that a reasonable person on the street in Alberta would accept as a province that was standing strong.

[Mr. Jonson in the Chair]

Mr. Speaker, let me just for a moment review the financial situation that existed when the Getty regime took over, and particularly when the hon. Treasurer assumed his duties as Treasurer. At that time the debt of our province was a meagre \$179 million. Now, every budget that the Treasurer has brought in since that time has been a deficit budget, a huge deficit budget, to the extent that we now have a \$10 billion debt. If you look in our budget document that was presented last night, you will see that now slightly over a billion dollars in taxpayers' moneys have to go to service that \$10 billion dollars of debt. That's not standing strong in my books.

Budgets are supposed to provide strength, Mr. Speaker. They're supposed to provide the basis by which Albertans feel confident in themselves, in their businesses, in their family budget operations, in the fact that they believe that there's a government that knows what it's doing. We don't have that situation in Alberta today. Albertans are not satisfied with the way their moneys are being managed, and part of the dissatisfaction that Albertans feel towards politicians, all politicians, unfortunately, at every level of political involvement – I think one of those factors is because of the very bad mismanagement at the provincial level by the Getty government.

Mr. Speaker, the budget is a key to solving serious problems. So let's look at this budget. Is this a budget that Albertans can be expected to believe in? Can they expect to believe in this budget? I don't think they can expect to believe in it at all. To help make the judgment for Albertans, I think what we have to do is look at the track record of this particular Getty regime and this particular government.

Two years ago the Provincial Treasurer said that we would have a deficit of \$1.5 billion; in fact, it had to be pried out of the Treasurer and the government. That deficit ended up being \$2.3 billion. A year ago the Provincial Treasurer forecast – his predictions in his budget said that we would have a deficit of \$780 million. We now see for the first time last night figures

that suggest that that deficit will be over a billion dollars, and we still have to wait until all the figures are in on that one. I'll bet a dollar to a doughnut that it's going to be higher than just slightly over a billion dollars. So from \$179 million when this Treasurer took over, we've gone to \$10 billion in debt.

We've got a government that uses special warrants like it was part of the normal everyday working process.

MR. PAYNE: Responsive government.

MR. DECORE: A responsive government? To buy fence posts and to do the sorts of things that have been done by special warrants is not my idea in using special warrants. The definition of special warrants is that they must be used for emergencies. A minister must go to the Treasurer and certify that there is an emergent need, that there is an emergency that requires the use of money. If you look at the basis, if you look at the examples by which special warrants have been used in our province, it's a joke. They are not emergencies. They're a long way from emergencies, and there is little or no embarrassment coming from the previous speaker in talking about these special warrants. I would be embarrassed to note that over \$500 million a year in special warrants is being used. They're not forest fires. They're not acts of God. They're issues involving purchase of fence posts and medical equipment and so on and so forth that are not emergencies, that could well be and should properly be put in a budget.

There is reason to be cautious, Mr. Speaker, reason to wonder about the budget process in Alberta when we have year after year, since the Treasurer took over, projections that have been way out. There is reason to be cautious when we have special warrants since the Treasurer took over that are on average over \$500 million a year, and they're not acts of God.

The next thing that I think a reasonably prudent Albertan would want to note in assessing and examining a budget is to determine whether or not accounting principles have been steady and stable over the course of the time that the Treasurer has been in place. If you look at what's been happening in our budgets, two years ago there was a substantive change; four years ago there was a substantive change in the way that capital costs were recorded in our budget. That's reason to be cautious if that in fact continues to happen or has happened.

Mr. Speaker, another basis upon which caution needs to be at the top level of concern is to see whether or not promises have been made in the past to deal with serious problems and whether those promises have in fact been dealt with. As late as last week questions were put to the Treasurer about dealing with the unfunded pension liability and the \$10 billion debt. We were led to believe that the budget was going to address that problem. We were led to believe that a plan was going to be put into place that would solve or at least start to solve that problem. But when the Treasurer was pressed on the issue today, the only thing that he was able to do was to pick up his Budget Address document and show a graph on page 14, which ends, by the way, in 1991-92, showing that the budget for this year will be balanced. It has no reference at all to the \$10 billion debt or the \$9 billion unfunded pension liability, questions that were clearly put and very cleverly deflected by the Treasurer. So another basis to be cautious and to wonder about whether or not these projections are going to be real. The Treasurer has not met his requirement of putting forward plans

that will deal with these serious problems of debt in our province.

12:00

Mr. Speaker, when we start to look more closely at the budget document and we look to see if there is creative accounting being employed, we see that, yes, in fact there has been. We see that some \$325 million of creative accounting has taken place. Four years ago, two years ago, we had capital costs that were included in the consolidated statements of our province. They're not now included; \$325 million this year are not included. Other provinces include them. It's like having a VISA credit card. You run up a debt on that VISA credit card and you run out of your limit, so you run off and get a MasterCard and you start working on that and building that debt. When you've reached the limit there, you go to another credit card and you start building up the debt there. That's what's happened, and that's the kind of method of operation that the Treasurer and the government have used. They've taken capital costs that were included in the consolidated statements before, and they've moved them off to other accounts. They say: oh, it's only this VISA card that we have to look at, not the MasterCard, not this other credit card where debt is shown.

Well, Mr. Speaker, you can't fool everybody, and you haven't been able to fool people like Standard and Poor's and Moody's. Moody's, in fact, gave an assessment only last year where they said that the real debt of our province was some \$14.5 billion and not the \$9 billion or \$10 billion that the Treasurer was suggesting, because they look at the whole picture. They look at all of those credit card balances, and they put them all together. When they make their statement, that's the real statement, and that's the statement that lenders, whom we go to in the international and national markets for money, look at, that statement of Moody's or of Standard and Poor's, because that's a third-party analysis that's based on many years of experience with our particular budget documents. More reason to be cautious of this particular document: very fancy accounting principles being employed.

Then we have a onetime infusion of some \$225 million from lottery funds. If you look back to see if accounting principles have been stable and steady and the same in this area, you'll find that they have not. Year after year members of this Assembly have asked that lottery moneys be included in the normal review that the Assembly gives to moneys and expenditures, lottery moneys that come in, expenditures that are made from those funds. The government has refused to allow that review to take place, refused to allow it to come into the General Revenue Fund of the province for a total and complete review. But to make things look better, to make the books balance, \$225 million are, one time, first time, taken from another fund and plunked in to balance the books. Well, you can't fool people like Moody's and Standard and Poor's, and you can't fool people who know a little bit about accounting or a little bit about business, because they're going to say, "Hey, this wasn't there before; this wasn't done before." Now we have greater reason to be cautious about this particular budget.

I think where the real problem in this budget lies is in the revenue area, in the nonrenewable resource revenue area. Mr. Speaker, we have even today a number of experts who have commented on the projections of a barrel of oil that relate to the projection that was given to us last night by the Treasurer. Those experts are saying that the Treasurer is way too high. The minister of energy responsible to the Saudi government says that by July that minister expects the price of a barrel of oil to

be in the \$21 range, not the \$23 but the \$21 range. [interjection] The \$21 range: the Saudi minister has made that statement. Even experts in the Canadian Petroleum Association are saying – for the benefit of the Minister of Energy, who seems to be taking umbrage with this statement – that the Treasurer's predictions are too high. Too high.

Now, I think, Mr. Speaker, that a Treasurer should fall on the side of being overly cautious. I hate to use the word "conservative" because we now have kind of a mythology being exploded that Conservatives are good money managers. That's not the case in Alberta, and it's not the case in Ottawa. On the side of being cautious is where a Treasurer should be, but that certainly hasn't been the way our Treasurer has operated the books of this province. He's gone way to the other side. He's been overly generous in his estimations, and I think that's a big reason for the terrible debt problems that Alberta has. Nobody in this House can deny that, nobody: \$10 billion of debt, \$9 billion of unfunded pension liability.

Mr. Speaker, if you take a more realistic projection on the price for a barrel of oil, I think you would realistically bring that projection of revenue in the oil sector down by some \$300 million. We have no documentation from either the Minister of Energy or the minister responsible for the Treasury as to the justification for gas pricing. We know that our system is at capacity. We know from what the Minister of Energy said today that prices in the area of gas are flat, low, and we know from experts that that is expected to continue for the next year at least. I think one has to conclude that there is some \$200 million in overexaggerated revenue at the gas level. When you make these conclusions, you must then conclude that there is some \$100 million of overestimation at the synthetic fuel revenue level.

Mr. Speaker, when you add all of these creative accounting techniques, when you add this change in accounting principles of putting in lottery funds, when you add the overestimates in gas and in oil, you're closer to a billion dollars in terms of what this real budget looks like, and that's a deficit and not a surplus.

Mr. Speaker, my last observations are the sadness that I feel in not seeing a plan of action to deal with our huge debt. It was sad for me to see the Treasurer of our province pointing to a diagram, and I have to repeat this again because all members of the opposition have been calling for a plan to deal with this huge and horrific problem that Albertans are facing. When you have to syphon off a billion dollars every year, as we are now, to service debt, that's a billion dollars that can't look after the problems of health, the problems of education, or the problems of social programs. You can't fine-tune a system because of that huge debt. For the Treasurer to point to a diagram as his plan, as the government's plan, has to be incredibly unbelievable.

Mr. Speaker, a plan has to have a time line. It has to have certain measurements. It has to have credibility, and I regret to say that this budget has no credibility, as does the government in money management of our province.

Thank you.

12:10

MR. DROBOT: Mr. Speaker, in rising to speak on the budget today, the first thing that comes to my mind is perhaps, wow, a balanced budget. What an accomplishment not only for our Treasurer, Dick Johnston, but all Albertans. One constituent phoned this morning and said: "John, it makes me so proud to be an Albertan, but how are you going to do it? How did you manage it?" I had to proudly say, being a man of few words, "Good, sound fiscal management."

Yes, we are going to protect Alberta's priority programs. The hon. leader of the Liberals speaks of our deficit. Yes, partly because of the federal Liberal grab of our revenues, by the devastating and shameful national energy grab. Now he's preaching throughout the province, in Elk Point and St. Paul, about our Constitution and centralizing more power in Ottawa.

Mr. Speaker, I am proud to be an Albertan, and I am privileged to represent other proud Albertans in the St. Paul constituency. The people of that constituency are from many varying backgrounds, a broad view of this province from many different cultures, particularly the French, the Ukrainian, the native, the Saxon, et cetera. Regardless of their background or their ethnic origins, these people all believe that Alberta is the place to be in this world. I was born here, so I'm biased about this beautiful province that we live in, but I'm sure you can trust that with its mountains, lakes, rivers, valleys, blue sky, spring rains, and even the snow, people outside the province feel that this is the place to be.

Speaking of the budget, I would like to make one more comment, not necessarily referring to the budget but to our province, which ties in.

The winds of heaven never fanned,  
The circling sunlight never spanned  
The border of a better land  
Than our beloved Alberta

and its caring government, and now its balanced budget.

Mr. Speaker, with the lowest unemployment record, the fastest growing economy, the best universal health care, education, and social support systems available, it is no wonder that our population is growing and more people are moving themselves and their families to this great province. We certainly welcome newcomers to the St. Paul constituency, and I'm sure that this spirit is throughout the province: new people coming to capitalize on Alberta's growth and our job opportunities.

Mr. Speaker, as I said, I'm a proud Albertan today. I welcome the opportunity to bring these messages brought forward by the Provincial Treasurer to the people of the northeast in my home riding of St. Paul. This is a good document for this province, and it serves as an inspiration for our fellow provinces that are struggling at this time. Again, my congratulations to the Treasurer and to the government, and I'm very happy to support this motion.

I just have the highest admiration for the Hon. Dick Johnston as Treasurer, Mr. Speaker. This budget is what my constituents wanted to see. They're in favour of a balanced budget; the diversification policy of this government in agriculture, yes, and in forestry as well; the Lloydminster upgrader project, which will affect the heavy oil industry in the Elk Point and Lindbergh area in my constituency; and more jobs at the expanded Pine Ridge Forest Nursery. I know my constituents will benefit by these job opportunities. Yes, some constituents are looking at the Athabasca pulp mill project and also the opportunities that will be available there.

Mr. Speaker, as I said, for the Hon. Dick Johnston, just the highest respect. They say that to be a Provincial Treasurer, you have to be a diplomat. You have to have the hide of a rhinoceros, the memory of an elephant, the energy of a draft horse, the persistence of a beaver, the grip of a bulldog, the health of a sea turtle, the stomach of an ostrich to be able to digest the opposition's jealousy of our balanced budget, the heart and courage of a lion, the speed of an antelope in thinking, the nervous system of a mountain goat, and of course the dry humour of a crow to be able to listen and be part of the opposition's caws and croaks. All of these combined are not enough.

You have to sometimes as Treasurer be able to be stubborn as a mule, to say no to some of the opposition members and what they're howling about. I would like to say that any donkey can kick a barn down, but it takes a carpenter to build one. We are all builders, but while the opposition are erecting walls, we are building bridges, and the best is in building bridges for our future and our children's future. This balanced budget is part of it. No wonder people are coming to Alberta to get jobs. They want to be part of this.

Mr. Speaker, there are so many things I could talk about: health, social services, et cetera. Let's talk for a minute about the North American waterfowl management total. A lot of that is going to be in my constituency. Sixteen million dollars will be spent each year in Alberta. Alberta's annual commitment will be \$1.6 million to the international plan. This means that some \$10 of benefits are to be realized in Alberta for every \$1 contributed by hunters to the plan. Portions of the remaining revenue will be spent on the following projects: an improved licensing system that will involve the issuing of a permanent sportsman's identification card, wildlife rehabilitation restoration programs which will benefit such species as Alberta's bighorn sheep – our animal emblem, thanks to the hon. Member for Lacombe – and enhanced wildlife inventories that will clearly assess the numbers and the distribution of species.

Mr. Speaker, it's a great day, and to those of the Greek Orthodox faith who are celebrating Good Friday in my constituency, I would like to say that this is a double occasion to celebrate Good Friday. In spite of the inflated dollar, higher interest rates, and the GST, this government has brought deficit spending to a stop with this year's balanced budget. Albertans and especially most Conservatives are rejoicing today, and we can be proud of a balanced budget resulting from the sound fiscal management of this government. Alberta is not in a recession. It is in a growth position, a growth position three times that of the United States and far in advance of our fellow provinces. This has been a result of effective planning for diversification, effective risk-taking in investments, and carefully managed expenditures.

As mentioned by the Treasurer – and this is a point that I'm very proud of – the average growth in Alberta's program spending since 1985-86 is only 1.9 percent per year in comparison to an average increase of 7 percent in other Canadian governments. Our expenditure record, which emphasizes cutting waste over increasing taxes, is second to none. This government could not have made these decisions on the long-term benefits to this province without its commitment to Albertans. We're proud of the Provincial Treasurer, as I said, and we're proud of our Albertans. Without Albertans on our side this government would not be able to save the \$2.8 billion in program expenditures and an additional \$800 million in deficit servicing. Even now, Mr. Speaker, with a balanced budget, our government has no intention of easing off on accountability and fiscal responsibility. Although our opposition doesn't seem to agree with us, more and more money isn't always the answer to solving some of the problems in this province. The government and people of this Alberta are committed to efficiency and effectiveness, and we'll continue working in that regard.

I could talk about economic diversification, the agricultural industry, Mr. Speaker. There are so many favourable things. You know, let's talk about this government's commitment to developing both the livestock and crop sectors. Cattle and hog markets continue to be strong. Yes, we have to combat the detrimental effects of a subsidy war and the European Common

Market. We are overcoming that. We strongly support efforts by all levels of government to eliminate exporter subsidies.

[Mr. Speaker in the Chair]

Perhaps, Mr. Speaker, I can understand the position the opposition has. They have a problem with a balanced budget. To them it's a day of illusion, utter confusion, and upon that delusion is what they base their conclusion.

12:20

The value of Alberta's processed food exports is equal to the value of our primary agricultural exports. It clearly shows that we are not content to follow world trends in agricultural diversification. Rather, we are a leader. Petroleum and petroleum industry is of such crucial importance to this province. Recent events on the global stage have stressed the need to strengthen Albertans' role in the production of petroleum resources, and as I said earlier, certainly we will see the heavy oil industry gain momentum.

Mr. Speaker, I could go on and talk about health, the programs we have, the best in Alberta, and I would challenge anyone to deny that they're the best in North America or in the world.

This budget has provided an accounting to Albertans of the actions taken to secure our future prosperity. The commitments made to Albertans have been met. As the minister pointed out, we have the strongest economy in Canada, we have protected all Albertans' priority programs, we have cut the cost of government, we have the lowest taxes, and yes, Mr. Speaker, we have a balanced budget.

MR. SPEAKER: The Member for Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Speaker. This is a most interesting budget, and I hope we do get a few days to debate it before we go into the department by department estimates, because there are so many things to dig out of this budget and to point out some of the problems with it.

I want to start by looking at the thing that's been overlooked so far except for my questions this morning, which the Treasurer totally overlooked, and that is the deficit for 1990-91. If you look at the forecast figures in this budget document, you find some rather strange things. The Treasurer on page 32, where they have the balance sheet, tries to point out that he has a \$1.08 billion deficit in his budget as his forecast for the year we've just finished. Well, Mr. Speaker, as usual the Treasurer has found new and innovative ways of hiding some of the real numbers, and I would just challenge my colleagues on the other side of the House to turn to page 38 and look at the forecast for the 1990-91 section at the bottom of the page, called Net Cash Requirements. Now, we have a General Revenue Fund section there, and they've got budgetary deficit or surplus; that \$1.86 billion that I was talking about a minute ago, which is carried over from page 32, is reiterated there. Fair enough. However, they go on to say that there are net nonbudgetary transactions of \$160 million to be added to that, there's a sinking fund requirement of \$18 million to add to that, and then there are adjustments to the cash basis, whatever the heck that means, of \$237 million.

Now, if you look at both sides of the other columns on that particular chart, you'll see that that item most years is a positive. The number in brackets would indicate that that should be subtracted rather than added to the deficit. But in this particular year, instead of having the estimated \$207 million to be

subtracted from the deficit at this point, we're going to have a \$237 million addition to the deficit according to the forecast. Now, that's nearly a \$500 million error somewhere along the way, covered up with some kind of accounting jargon that says "adjustments to cash basis." If you go on down and look at the Capital Fund figure of \$262 million and then get that added in, you've got a \$1.76 billion deficit projected right here in the Treasurer's budget. Yet he was still standing up there this morning saying it's only a billion dollars for last year. Now, Mr. Speaker, most of us that have been around these books for a while and have done a little homework start to know where to look, what to find out, and what adds up to what. When the Auditor General brings in his consolidated deficit for the year 1990-91, the year just past, it will be very close to \$2 billion, double what the Treasurer said. There's no way out of it; the numbers are there.

There's another \$153 million in heritage trust fund expenditures that you've got to add to this number, and every year the forecast gets added to a little bit by the Auditor General, not subtracted from, when he comes out with his total, consolidated statement. There are a few commercial enterprises and that sort of thing that have to be thrown in, and the numbers will be adjusted a little bit over the year as the Auditor does his final auditing, but the figure will be very, very close to \$2 billion.

Now, if you add that to the accumulated debt that we already have from the four previous years – the Treasurer keeps remembering the deficit of 1986-87 as 3 and a half billion dollars. In fact, it was \$4.05 billion, and in fact he predicted \$2.5 billion. That's how far out he was that year. That was the year that the oil prices collapsed, I agree. The next year was the tax grab; the deficit was \$1.36 billion. In '88-89 it was \$2.02 billion. In '89-90 it was \$2.34 billion, \$800 million higher than the Treasurer said it would be. In '90-91 we now have his forecast which is predicting that it will be \$1.9 billion. I mean, there are going to be a few little adjustments to that yet, but that's almost double what he said last year when he said he would have a \$780 million deficit in his budget. He accounted for \$300 million of that and admitted that it would be almost \$1.1 billion, but now that we look at the numbers a little more closely, we find it's going to be \$1.9 billion, maybe \$2 billion. When you add all those figures together, Mr. Speaker, you get \$11.7 billion as the accumulated debt of this province at this time. The consolidated debt of the province of Alberta now stands at \$11.7 billion, within \$200 million and probably on the wrong side. There is no way that you can doctor the books or tell me any differently. The numbers are there; I've analyzed them carefully. It is not possible that I could be wrong by more than \$.2 billion.

MR. ADY: 'McEachernomics.'

MR. McEACHERN: Well, I've given you the numbers. You show me where I'm wrong on any one of them, and I'll be glad to add in the different numbers.

While we're on this deficit business, let's turn to page 41 of the budget, Mr. Speaker. You'll find some projections about the unmaturing debt of the province. Let's just see what this has to say. The unmaturing debt at March 31, 1990, one year ago, was \$7.9 billion according to the Treasurer's budget speech. Now, he goes through a number of things that you've got to add and a number of things you've got to deduct, and he comes out that in the nine months since then, up to December 31, 1990, you have to add \$2.04 billion to that figure. We now have an unmaturing debt at December 31, 1990 – it's an unaudited figure but probably not too far off – of \$9.9 billion.

Now, that reminds me, Mr. Speaker, that last year when the Treasurer brought in his billion-dollar deficit budget, he also a little later in the session brought in a Bill, amendments to the Financial Administration Act, asking for an increase in borrowing power of \$2 billion. We said, "But your deficit's only going to be a billion dollars; why do you need to borrow \$2 billion more?" We had at that stage already authorized the year before up to \$9.5 billion of borrowing power, so I shouted across to the Treasurer, but he managed to ignore it, "Will it be \$11.5 billion, Mr. Treasurer?" As a matter of fact, although he never answered it, when we opened up the Bill, there it was. He was asking for another \$2 billion to bring the borrowing power up to \$11.5 billion. These numbers confirm that in fact we're using most of that money.

12:30

head:

head: **Consideration of His Honour  
the Lieutenant Governor's Speech**

Moved by Mr. Paszkowski:

That an humble address be presented to His Honour the Honourable the Lieutenant Governor as follows:

To His Honour the Honourable Gordon Towers, Lieutenant Governor of the province of Alberta:

We, Her Majesty's most dutiful and loyal subjects, the Legislative Assembly, now assembled, beg leave to thank Your Honour for the gracious speech Your Honour has been pleased to address to us at the opening of the present session.

[Adjourned debate March 27: Mr. Anderson]

MR. SPEAKER: Pardon me, hon. member. According to our Standing Orders I have to interrupt you now to put a motion.

Under Standing Order 19(1)(c) the question is on the motion for the address in reply to the Speech from the Throne as moved by the hon. Member for Smoky River and seconded by the hon. Member for Calgary-Bow. I now put the question. Those in favour, please say aye.

SOME HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

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

[Eight minutes having elapsed, the Assembly divided]

For the motion:

Ady	Fischer	Musgrove
Anderson	Gesell	Nelson
Black	Horsman	Orman
Bogle	Hyland	Osterman
Bradley	Isley	Payne
Brassard	Johnston	Rostad
Cardinal	Jonson	Schumacher
Cherry	Kowalski	Sparrow
Clegg	Laing, B.	Speaker, R.
Day	Lund	Stewart
Dinning	Main	Tannas
Drobot	McClellan	Thurber
Elliott	McCoy	Weiss
Elzinga	Moore	West
Evans		

Against the motion:

Barrett	Hawkesworth
Chivers	Hewes
Chumir	Laing, M.
Decore	Martin
Ewasiuk	McEachern
Gibeault	McInnis

Mjolsness
Pashak
Roberts
Sigurdson
Wickman

Totals:

For – 43

Against – 17

**12:40**

[Motion carried]

head:

### **Government Motions**

*(continued)*

14. On behalf of Mr. Getty, Mr. Horsman moved:

Be it resolved that the address in reply to the Speech from the Throne be engrossed and presented to His Honour the Honourable the Lieutenant Governor by such members of the Assembly as are members of the Executive Council.

[Motion carried]

[At 12:41 p.m. the Assembly adjourned to Monday at 2:30 p.m.]

