

## Legislative Assembly of Alberta

Title: **Monday, April 8, 1991**

2:30 p.m.

Date: 91/04/08

[Mr. Speaker in the Chair]

head: **Prayers**

MR. SPEAKER: Let us pray.

We, Thine unworthy servants here gathered together in Thy name, do humbly beseech Thee to send down Thy heavenly wisdom from above to direct and guide us in all our considerations.

Amen.

head: **Introduction of Visitors**

MR. HORSMAN: Mr. Speaker, it's my pleasure today to introduce to you and through you to members of this Assembly the newly appointed consul general of the Netherlands, Baron Marnix van Aerssen, and his wife, Baroness van Aerssen. They are seated in your gallery.

Mr. Speaker, the Netherlands represents an important trading partner for Alberta. It is a strong and influential advocate within the European community for free market principles and the need for substantial reform to the European community's common agricultural policy, both positions strongly supported by Alberta.

The consul general is paying his first visit here. He will reside in Vancouver, but we are well represented here in this province by honorary consuls from time to time, both in Edmonton and Calgary.

I would ask that he and his wife rise and receive the warm welcome of this Assembly.

head: **Introduction of Bills**

### Bill 14

#### Historical Resources Amendment Act, 1991

MR. MAIN: Mr. Speaker, I request leave to introduce Bill 14, the Historical Resources Amendment Act, 1991. This is a money Bill. His Honour the Honourable the Lieutenant Governor, having been informed of the contents of this Bill, recommends the same to the Assembly.

Mr. Speaker, this amendment will establish a regulated fund into which the revenues from admissions to museums and historic sites will be deposited to provide funds and finances for the maintenance of our programming at our various historic facilities.

[Leave granted; Bill 14 read a first time]

MR. SPEAKER: Banff-Cochrane.

### Bill 23

#### Environment Council Amendment Act, 1991

MR. EVANS: Thank you, Mr. Speaker. I request leave to introduce Bill 23, the Environment Council Amendment Act, 1991.

The amendments incorporated into this Bill reflect a revitalization of the Environment Council of Alberta which began in January 1990 with the appointment of Dr. Natalia Krawetz as chief executive officer. Through intensive and extensive consultation, the Environment Council has redefined its mission:

one, to be proactive; two, to focus on a long-term strategic view of the environment; and three, to ensure a broad range of public involvement. I'm confident, Mr. Speaker, that these amendments will facilitate that mission.

[Leave granted; Bill 23 read a first time]

MR. HORSMAN: Mr. Speaker, I move that Bill 23, Environment Council Amendment Act, 1991, be placed on the Order Paper under Government Bills and Orders.

[Motion carried]

head: **Tabling Returns and Reports**

MR. ISLEY: Mr. Speaker, I take pleasure in tabling a soil conservation kit in recognition of National Soil Conservation Week.

head: **Introduction of Special Guests**

MR. ISLEY: Mr. Speaker, I am pleased to introduce to you and through you to this Assembly six Alberta students ranging from grades 4 to 6 who have the distinction of being finalists in the National Soil Conservation Week poster competition. I would ask them to stand as I call their names. I believe they're all in the members' gallery: Leanne Dymterko of St. Charles school in Nampa and the principal of that school, Noel Cairns; James Babenek of Elk Point elementary school in Elk Point and his parents, Elaine and Ted Babenek, and his sister Taralee; Brian Rosentreter of Nelson Heights school in Cold Lake and his parents, Wayne and Janice, and his sister Jennifer; Sarah Hoffer of Star Ridge school near Botha and her parents, Mr. and Mrs. Hoffer; and Brent Moellering and Brad Bellanger of Camilla school in Rivière Qui Barre near Morinville, who made a joint submission. They are accompanied by Brent's parents, Jerald and Heather Moellering, and Brad's parents, Dennis and Dale Belanger.

Mr. Speaker, also accompanying these students are Wayne Arrison, president of the Alberta Conservation Tillage Society and his wife, Donna; John Hermans, head of the conservation and development branch of Alberta Agriculture; and Barb Shackel, conservation awareness specialist in the Department of Agriculture. I would share with you, Mr. Speaker, and the Assembly that Leanne Dymterko's poster was a runner-up poster at the National Soil Conservation Week poster competition in Regina. I'd ask that they all stand and that the members join me in welcoming them to the Assembly.

head: **Ministerial Statements**

#### National Soil Conservation Week

MR. ISLEY: Mr. Speaker, National Soil Conservation Week was initiated six years ago by the federal and provincial governments to focus attention on soil conservation issues across the country. Soil degradation is a serious threat to our agricultural industry and to our society. We must all take an active role in protecting, maintaining, and enhancing our soil resources. Our goals are to promote the awareness of the problems resulting from soil deterioration, education on the causes of soil deterioration, and the understanding that we are all responsible for our soils.

Activities during National Soil Conservation Week include a wide range of events and involve planning and participation from federal, provincial, and municipal government agencies, producer

groups, private firms, and concerned individuals. Activities planned include a display at the Provincial Museum in Edmonton April 12 to 14, distribution of a tabloid to Alberta households, and radio and television interviews with producers and Alberta Agriculture staff. The television advertisements are aimed at the urban audience.

Response to National Soil Conservation Week has always been excellent, and we are expecting many informative and fun activities across the province this year. I hope that you and your families will be able to take part in some of the activities during National Soil Conservation Week, because soil conservation is in our hands.

MR. MARTIN: Well, Mr. Speaker, it's hard to disagree with this ministerial announcement. As the minister says, soil degradation is a serious threat to our agricultural industry, our society, and our environment, no doubt about that. We can certainly agree with the intent of the statement. However, I think because of the seriousness of the matter, we would look for some more concrete proposals or initiatives from the government dealing with more research and development, especially looking at what we can do to encourage more efficient organic farming, cutting back on herbicides. All these things are having a serious effect on our agricultural industry. Along with that, even the method of payment for agricultural subsidies sometimes encourages bad use of land, and I've had farmers tell me that they have no choice, to collect on payments, that they're doing things they know are wrong to land. These are the people that went to such schools as Olds and these sorts of things. So, Mr. Speaker, agreeing with the ministerial statement by the minister, we'll be looking for some very concrete moves from this government in the very near future.

head:

### Oral Question Period

2:40

MR. SPEAKER: Leader of the Opposition.

### Provincial Budget

MR. MARTIN: Yes, Mr. Speaker. To the Deputy Premier. Last Thursday Albertans were subjected to one of the more extreme examples of public deception that I've seen in ages: the completely mythical so-called balanced budget. But the government was not content with one day of the glory of deception. Over the last three days and continuing even today, Albertans were also subjected to a taxpayer-funded media campaign of television, radio, and print ads to sell this budget fantasy. Now, a confident lot this bunch is; they're so nervous that Albertans won't believe them that in desperation they've taken to selling this budget like some new and improved detergent, only this one won't wash. My question to the Deputy Premier is this: why did the government find it necessary to waste the taxpayers' money on this media blitz? Was it because Albertans didn't believe them budget day?

MR. HORSMAN: The Leader of the Opposition talks about deception. Nothing could have been more along that line than his speech in the House on Friday morning. If he wants to talk about deception, he should refer to his own words, not the words of the budget speech.

Mr. Speaker, it's clear that it's incumbent on the government to inform its citizens as to what its policies are. In order to do so, we've chosen to distribute as widely as possible the facts regarding Alberta's strong economy and its fiscal integrity and

its fiscal plan. I make no apologies whatsoever for taking every possible step to let Albertans know the truth.

MR. MARTIN: This has nothing to do with the facts. It's blatant propaganda paid for by the taxpayers of Alberta. I want to ask my second question of the Minister of Economic Development and Trade. What we've seen and I've just been talking about is bad enough, but we also saw a half-hour program that ran on Access TV immediately prior to that budget. We're told that program was also paid for by public money, with the heavy involvement of the Department of Economic Development and Trade. My question to the minister simply is this: will he justify his department's intimate involvement with this program's production? In other words, why were public television dollars used to sell this government's partisan snow job?

MR. ELZINGA: Mr. Speaker, let me underscore what the Deputy Premier has just indicated whereby we are proud that we can use many sources and means to communicate with the Alberta population. We feel we've got an obligation to communicate the truth to them whereby this province is the leading province as it relates to economic growth and that we're the only province that has not experienced a recessionary period. We're delighted that we can come forward with a balanced budget, and we're delighted that we can take that message to the Alberta population. We're going to continue to take it to the Alberta population so that the Alberta population is aware of the strength within the province of Alberta.

MR. MARTIN: Mr. Speaker, I might have thought that I was listening to Bill Vander Zalm, because that's exactly what he said about B.C. Here's what the B.C. government said: our record of achievement is unmatched by any government in Canada; the best fiscal record in Canada; the strongest regulations in North America.

My question is to the Minister of Culture and Multiculturalism, the new Public Affairs Bureau guru, the minister of propaganda: will the minister tell the taxpayers of Alberta, who I'm sure will be very interested, how much this media blitz has cost them at a time when we don't have money for farmers, seniors, the poor, or battered women? How much did it cost us?

MR. MAIN: Mr. Speaker, I'm sure the ministers responsible for the program would be more than glad to provide that information if the request goes on the Order Paper. But in terms of suggesting that money is being spent on media, on advertising, and that money is being taken away from seniors and farmers and other people in Alberta to do that is absolutely false. Absolutely, absolutely, absolutely false.

MR. MARTIN: I take it by the answer to that question that they have no idea how much they spent. They just spent a bunch of money on television.

MR. SPEAKER: Second main question.

MR. MARTIN: Go to it, you know, Mr. Speaker. Some management of government. I can't believe it.

### Health Care Funding

MR. MARTIN: My second question is to the Minister of Health. Mr. Speaker, nowhere is dishonesty and cruelty more

apparent in this budget than in the Health department. Let's start with the dishonesty. The minister has repeatedly stated and said again at a press conference today that Health will receive a 9.8 percent increase this year. This is absolute and total nonsense, and the minister's aware of it. The government has used a cute accounting trick of comparing this year's spending to the estimate for last year and not to the amount they actually spent in the updated forecasts. The increase is actually about 6 percent, which is about the projection for inflation in the next year. My question to the minister is simply this: would the minister indicate to the Assembly and to the people of Alberta why she wants to overestimate the percentage increase in this year's budget? What is the purpose of misleading Albertans?

MS BETKOWSKI: Mr. Speaker, it is the responsibility of the Provincial Treasurer and all of us in government to present estimates of expenditure each budget year. Those estimates were presented last year, and we have to have corresponding numbers for comparison purposes this year. That is what has occurred. We will be spending 9.8 percent more this year than last on Health, which equates to a \$304 million increase over the previous year's estimates and doesn't include \$128 million in Health capital projects over last year. The numbers are not in any way misleading. They are a picture of what Albertans will be spending in Health this year over what was estimated last year.

MR. MARTIN: That's my point. Just because you underestimate your estimates, that's why this is a bunch of trickery, Mr. Speaker. We know what you spent. We know what the special warrants were; that's the money that was spent. Now, I ask the minister again: wouldn't it have been more reasonable and fairer to Albertans to compare the money you actually spent last year, and that would have in fact been 6 percent. Again, I want to know why she deliberately misleads the people of Alberta with these projections.

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

MR. SPEAKER: Order. Again we had this reminder the last day that we sat. The question was phrased: why does the minister deliberately mislead? That is unparliamentary. Perhaps the Leader of the Opposition would care to rephrase that, please. Withdraw it.

MR. MARTIN: Yes, Mr. Speaker.

#### **Health Care Funding (continued)**

MR. MARTIN: Well, why is she distorting the facts, then, to the people of Alberta?

MS BETKOWSKI: Mr. Speaker, we aren't distorting the facts. We are giving an estimate from one year to the next for comparable purposes, and that estimate is 9.8 percent over the previous year's estimate. The budget books have to be the picture, and that's what we're presenting.

MR. MARTIN: Well, she just admitted that they're very bad estimators, Mr. Speaker. That's what the reality is. [interjection] Don't get upset, Deputy Premier; I might even ask you a question.

But back to the minister, Mr. Speaker. Every time I see this minister on television or hear her in the Assembly she talks about all the money they're spending in health care, rather than talking about how they are spending it. I want to ask the minister this: with all the money that they say they're spending, why is health care in such disarray? We have bed closures. We have staff layoffs. We have long waiting lists. How can you justify the problems that are going on if all that money is being spent?

MS BETKOWSKI: Well, Mr. Speaker, we will no doubt get into the issues of how we are spending that \$3.4 billion in our estimates during the estimates from the Department of Health. But let me say that despite a 9.8 percent increase this year over last in Health, we have made some major adjustments in our programs: some emphasis towards community as opposed to institutional care, some major adjustment and review of programs in order that we could update those programs, some adjustments in the way that we're funding health, some adjustments with respect to the acute care funding plan.

The how is the issue that is extremely complex. It's one that we're working through in Health, but again I would stress to this hon. member that the first and foremost purpose of our health care plan is to provide reasonable access to service for Albertans. That is its first and primary purpose. If he only measures that issue on the number of beds used to do that, I would daresay that he doesn't anywhere near understand the complexity of the health system and the work that's being done to ensure that we've got one 20 years from now to pass on to the next generation.

2:50

MR. SPEAKER: Edmonton-Gold Bar.

#### **Health Care Premiums**

MRS. HEWES: Thank you, Mr. Speaker. I want to continue with some questions on health care. Despite the government's assurances that they're committed to a fair and balanced system of health care delivery – and we heard about it again this morning – the continual increase to health care premiums tells a very different story about the commitment. Any government that continues to employ a regressive tax for health care is not a government interested in fairness. Last year the government announced increases to premiums until they covered 50 percent of basic costs. Well, we're at 50 percent. If this policy is anything like the other policies of the government on tuition fees or municipal grants, then Albertans should be really, really worried. My questions are to the Minister of Health. What assurances can the minister give that the government isn't arbitrarily going to hike premiums next year to cover an even greater portion of the costs of health care?

MS BETKOWSKI: Mr. Speaker, first off, the premiums are neither regressive nor a tax. In the first place, they are not regressive because they are an income test in terms of the ability to pay. The hon. member will probably want to note that over 220,000 low-income Albertans pay partial or no health care premiums, and as well 270,000 seniors and their dependants pay no health care premiums at all. Secondly, last year we decided and made the budgetary commitment to move the premiums toward a target of 50 percent of basic health costs. Let me remind hon. members what that means. It means that's primarily the fees paid to physicians in vote 2 of the Department

of Health services exempting those services for seniors. It does not cover hospital costs. It does not cover long-term care costs. So let's be clear about what we're talking about here.

The issue of protecting Albertans from premiums is in fact something that we feel is an important statement to Albertans about those premiums going into a specially earmarked fund as opposed to a tax which would go into the general revenue of the province. That is not the case. I look forward to the continued discussion with the hon. member.

MRS. HEWES: Mr. Speaker, that's just patent nonsense. It is a tax, and it's a regressive tax at that, and it hits at the people . . . Oh well.

Anyway, I want to ask if the minister is going to raise the income levels that are eligible for subsidy. Those income levels now are currently way below the poverty line. Is that going to change?

MS BETKOWSKI: Mr. Speaker, there will be no adjustments in that income level as part of the '91-92 budget. I am prepared and frankly I would have hoped within the approach to the budget of Health that we could perhaps have made some adjustments in that level this year, but in order to do the many other things that we're doing in Health, that simply wasn't possible. I will, however, commit to this Legislature that I would be pleased to review with the Treasurer those income levels of support. Again, I remind Albertans that there are 270,000 seniors and their dependants paying no health care premium in this province and there are 220,000 Albertans paying low or no premium for health care. That's very much a statement of priority about putting those resources where we think they are needed most.

MRS. HEWES: Mr. Speaker, this is a 13 percent increase hitting the people that can least afford it. I'd like to ask the minister if the minister or the government or the department has any information that shows that low-income Albertans can withstand this kind of an increase in health care premiums? Have we done any studies? Have we asked anybody about it?

MS BETKOWSKI: Mr. Speaker, we have been careful in structuring not only our entire provincial budget in order that it could be brought in on a balanced basis, but we've placed a very high priority, as the Provincial Treasurer noted, on the priority programs of government. That meant that this Minister of Health could stand in this Legislature and talk about the increase of 9.8 percent over last year to Health when other departments of government had to take significant reductions. Those adjustments were not made easily, and they were not made halfheartedly. They were made with the conviction that we want to be able to sustain our health system into the future. They were adjustments that were made. They are not everything everybody would have wanted, but in our best judgment they are a balance for the people of this province and for the future of their health care system.

MR. SPEAKER: Wainwright.

### Cattle Exports

MR. FISCHER: Thank you, Mr. Speaker. My question is to the Minister of Agriculture. The cattle industry is one of Alberta's most important economic generators. Prices have been relatively high. Last year total sales for the first time were

higher than grain and oil seed sales. Expansion is taking place in the industry, and expansion must also take place in marketing. The industry is very concerned that the grading system is hindering exports by not being commonly recognized worldwide. Has any progress been made in obtaining a reciprocal grading system with the U.S.?

MR. ISLEY: Mr. Speaker, the hon. Member for Wainwright does recognize the strength of the livestock sector in this province and does identify a concern that we are working on to enhance the marketing of it. We've been pressing along with the government of Canada, the Alberta Cattle Commission, and the national cattle commission to get the United States to work out under the free trade agreement either a harmonization of our grading system so it is the same on both sides of the line or a reciprocal system whereby plants in Canada could get graded to U.S. grade levels and U.S. plants, if they so desire, could get the reciprocal grading from Canada. So far we haven't achieved that goal, but we're certainly applying all the pressure we can to get there.

MR. TAYLOR: Talk to your federal friends, Ernie.

MR. SPEAKER: Westlock-Sturgeon is not recognized yet. Thank you. [interjection] Order please.

MR. FISCHER: Would this reciprocal agreement, if we get it in place, be recognized by our other foreign markets, specifically the Pacific Rim markets?

MR. ISLEY: If we got either system in place, the harmonization or the reciprocal grading, I believe it would be an asset to us in the Pacific Rim markets.

MR. SPEAKER: Calgary-Forest Lawn, then Westlock-Sturgeon.

### Energy Revenue

MR. PASHAK: Thank you, Mr. Speaker. The Minister of Energy's credibility is on the line because of the overly optimistic energy estimates provided by the Treasurer in this year's budget. For example, in 1989-90, the only year for which we have hard facts, we received \$960 million from the sale of natural gas, yet this year's budget predicts revenue of \$1.3 billion, an increase of some 36 percent. To the Minister of Energy: given that *Oilweek* predicts that we're only to see a 2 percent increase over these two years in the amount of gas that will be sold and that the minister himself said that prices are going to remain flat, how does he justify this overly optimistic estimate?

MR. ORMAN: Mr. Speaker, there are a couple of ways in which we will see expanded sales volumes for natural gas for the coming year. I do not expect to see a price increase over last year. For budget purposes we basically had a flat price projection. There are a couple of ways. One is that there has been a prearrangement through the Iroquois volumes into the northeast United States so that through interconnects, Northern Border will be able to take more volume of gas until the Iroquois project is on stream. TransCanada is expanding the western segment of their pipeline system. That will mean there will be more volumes available for Ontario and Quebec until the Iroquois project comes on stream in late 1992.

There are some other areas. We are seeing a significant decline in the amount of freehold production, because freehold

production is old production. It is being replaced by Crown volumes. I should say that we also don't expect an unseasonably warm winter this coming year, as opposed to the unseasonably warm winter we just experienced. If you were to have a look at it, you would see that it was unseasonably warm. We expect a return to normal temperatures next year. That's one of the elements.

3:00

I believe I answered the question the member asked on higher volumes. A final point: because there will be increased volumes, there will be more natural gas processed in the year, and increasing the economies of scale in gas processing will mean that it will bring down the overall cost to the Crown of processing that is done by the producers.

MR. PASHAK: Mr. Speaker, I wonder if we're going to get the same optimistic speculation with respect to the sale of Crown leases. The Treasurer's predicted an increase of 35 percent in revenue bonuses from the sale of Crown lands. Yet *Oilweek's* latest forecast predicts only a 7 to 8 percent increase in the sale of Crown leases, and other experts make predictions minus 10 percent, plus 10 percent. How does the minister justify this 35 percent increase in bonuses from the sale of Crown lands?

MR. ORMAN: We'll have more Crown sales, Mr. Speaker.

MR. SPEAKER: Westlock-Sturgeon.

#### Crowsnest Pass Region

MR. TAYLOR: Thank you, Mr. Speaker. A question first to the minister of economic development, followed by intergovernmental affairs. I toured the Crowsnest Pass about 10 days ago. I was quite disturbed by their having the highest unemployment rate in Alberta and also the fact that there seems to be a great deal of difficulty in trying to get the coal mines under way and markets for coal. I'd be very interested in whether the minister of economic development has met with his British Columbia counterpart to discuss possible ways of getting more coal markets into the Crowsnest Pass area, all the way from Fernie to Blairmore?

MR. ELZINGA: Mr. Speaker, we have had an ongoing dialogue with the Member of the Legislative Assembly for Pincher Creek-Crowsnest to see what avenues we can explore to offer added initiatives to that area, recognizing that it is a depressed area. As the hon. Member for Westlock-Sturgeon is aware, we have in the past involved ourselves with a number of endeavours, some of them successful, some of them not so successful. We are going to continue to support that area, recognizing that there are limited opportunities there, and for that reason we as a government feel an added obligation to it.

MR. TAYLOR: Mr. Speaker, then to the minister of intergovernmental affairs. Because the region is split in the middle by the B.C./Alberta boundary and the people move back and forth and are employed on either side, the problem becomes an intergovernmental one. Has the minister given any consideration to acquiescing to the wishes of the public there to a referendum as to whether they could have the whole pass area either all belong to B.C. or all belong to Alberta? In this restructuring of Confederation, would you agree to have a referendum there?

MR. HORSMAN: Mr. Speaker, it's not been an active item for consideration between the governments of British Columbia and Alberta, nor has it ever been raised in the course of western Premiers' or other Premiers' conferences. I would not, I don't think, initiate a referendum without having had representations in support of such an endeavour by the Member of the Legislative Assembly for that region or from the people themselves. Therefore, I appreciate the hon. member's interest but don't think it is a probability in the shorter or even the longer term.

MR. MAIN: Supplementary information, Mr. Speaker.

MR. SPEAKER: Very briefly. Let's go.

MR. MAIN: Mr. Speaker, as part of the diversification initiatives of this government the activity in the area of tourism has been a big boon to the Pincher Creek-Crowsnest area with the Leitch Collieries development, the Frank Slide Interpretive Centre, the *Coleman Journal*, and the Blairmore mine all helping to provide other avenues of employment.

#### Waste Management for Edmonton Region

MR. GESELL: Mr. Speaker, the collection and disposal of garbage is clearly a municipal responsibility, yet the Minister of the Environment and the Minister of Municipal Affairs had to step in to assist the city of Edmonton in this matter. The city has demonstrated a tremendous inability to resolve this matter, particularly under the former mayor, who now sits in this House. Time is running out. Can the Minister of the Environment advise what progress is being made in resolving this growing garbage crisis?

AN HON. MEMBER: Dump the garbage in Clover Bar.

MR. GESELL: You do right now.

MR. KLEIN: Mr. Speaker, as a result of the Department of the Environment advising the Edmonton board of health that there were some very serious environmental concerns with the proposed Aurum site, we felt that we had a responsibility to help resolve this very, very serious issue of waste management, not only within the city of Edmonton but throughout the surrounding regions. Therefore, the Minister of Municipal Affairs and myself managed to get together the four surrounding counties, the city of Edmonton, and about nine or 10 municipalities and have those jurisdictions reach agreement that there ought to be a regional solution to this problem. This is now being co-ordinated through the Department of Municipal Affairs and the Department of the Environment. Indeed, the Department of the Environment has seconded to this group one of our top experts in the field, Dr. Bruce Taylor, to provide co-ordination expertise.

Hopefully, Mr. Speaker, within a reasonable time frame we should be able to bring forth a recommendation that will provide a good solution to this problem, and believe me, it will be something more than just another dump. It will be a comprehensive approach to this very serious problem in the Edmonton region.

MR. GESELL: Mr. Speaker, I would like to get the minister to provide some assurance that we will have an environmentally acceptable solution rather than another landfill or another garbage dump.

MR. KLEIN: Well, Mr. Speaker, this is a golden opportunity to create a model, if you will, for waste management in this country. Indeed, we aren't looking at just another landfill site; we're looking at the kinds of things that should have been looked at years ago but weren't. We're looking at new technologies in waste management. We're looking at composting, we're looking at enhanced blue box programs, we're looking at mechanical separation of waste, and we're looking at, of course, the use of existing, environmentally sound landfills. In other words, we're looking at a comprehensive approach to this problem involving the co-operation of all the municipalities in the Edmonton district.

#### **Aids to Daily Living Program**

MR. DOYLE: Mr. Speaker, today the Minister of Health claimed that adjustments to the Aids to Daily Living and extended health benefits programs were based on, and I quote, "the principles of equity of access and the most effective use of available resources." What the minister really means is: we'll make it more unfair to use the system, and we'll include charging seniors 20 or 25 percent of the cost of services. My question is: how can the minister propose changes to these programs which will see Alberta seniors penalized for needed help by charging them up to \$500 per year for services they got free last year?

MS BETKOWSKI: First of all, Mr. Speaker, we're not charging them up to \$500 a year. What we're asking is a sharing of the costs of medical equipment and supplies up to \$500 a year, beyond which it would be totally covered by the Department of Health. Members will know that we've had extensive discussion with respect to the Aids to Daily Living program and extended health benefits program in this Legislature. In addition to looking at a coinsurance which disregards age but rather looks at the low-income needs of all Albertans, a recommendation that is consistent with the report of the Premier's council on the disabled, we will also be providing \$13.5 million worth of upgraded benefits under the program, including diabetic benefits, power wheelchairs, and extensive new technology benefits. It is a balance. We believe that the test of income is one that should apply to all Albertans as opposed to a specific age group. Again, if there are some concerns with respect to income testing, that will be covered under the new, fully co-ordinated Aids to Daily Living program.

3:10

MR. DOYLE: Mr. Speaker, this is still a tax on the seniors. Many seniors' groups around this province have already told the minister that coverage for dental and eye care was inadequate. It was as late as last year that the Alberta Council on Aging estimated that only about 60 percent of the cost of dental care was being covered. How can the minister cut back on dental and eye care coverage when she already knew that it was inadequate for these seniors?

MS BETKOWSKI: Well, Mr. Speaker, even with the adjustments we're making in our programs, Alberta will continue to lead and be one of the most generous provinces in all of Canada with respect to the service and support we provide to seniors in this province. Senior citizens this year, as part of the full budget, will be having benefits given to them not just in health but total benefits. The seniors package, as the Treasurer noted,

will be \$1.2 billion of our total expenditure this year, up from \$1 billion last year, and Alberta's seniors citizens will continue to have premium-free health care and premium-free Blue Cross as a priority program of this government. We believe that the coinsurance provision, which is income protected in order to update the technology that's applied for under the Alberta Aids to Daily Living program, should be available for all Albertans, and those are the adjustments which we have made.

#### **Waste Recycling**

MR. McINNIS: Mr. Speaker, after two years of delay, thousands of Albertans were looking forward to the announcement in the budget of the Alberta waste reduction and recycling program. It seemed as if the province had finally realized that a blue box collection system is a first necessary step towards developing recycling industries with jobs and that can stand on their own feet, but we get to the fine print of the program and see that there is only \$4.2 million in new funding, not the \$6 million announced. I wonder if the minister would explain, given this 15 cents per person per month in the budget when he knows that it costs \$2.50 to \$3 per family to run a blue box program, what type of a program he's going to bring in. He said a moment ago that he's looking at blue boxes. I wonder when he's going to stop gazing at his blue boxes and do something.

MR. KLEIN: Mr. Speaker, it is in fact \$6 million. There will be an announcement in due course relative to the implementation of this program. Again, the hon. member has demonstrated his unwillingness to show any degree of patience to wait and see how the program is going to be implemented. You know, there's an old Chinese proverb: you don't travel 10,000 miles until you take the first step. Believe me, this is a first step, a very, very significant step. All I can say to the hon. member once again is: stayed tuned; you're going to like what you see.

MR. McINNIS: Well, Mr. Speaker, we have been patient for two years, and the reality is that money does count in this operation. Al-Pac's not waiting for their \$450 million; they've already got it. In fact, that one pulp project gets 100 times as much money as the entire recycling program. How about them apples? I wonder if the minister would explain why the recycling community has to hold garage sales and bake sales to fund its program when all these pulp mills have a golden key to the Treasury. Why's that?

MR. KLEIN: You know, Mr. Speaker, it's so typical of the hon. member: he criticizes and criticizes when something is not done, and once it happens, he still criticizes. The hon. member can never be happy.

With respect to the program, the details relative to its implementation will be announced in due course in conjunction with my hon. friends the Minister of Economic Development and Trade and the Minister of Public Works, Supply and Services. Believe me, Mr. Speaker, it's a first step toward the implementation of a program that's going to involve enhanced collection and separation of recyclables, incentives for new industries to establish in this province to take those recyclables and add value to them, and thirdly, a component that is going to involve government creating markets, as we have already started to do through the department of public works, where we've given priority on buying back materials that have been

produced out of recyclables. This is the kind of program that we're going to launch. It's going to be indeed a comprehensive waste minimization and recycling program, and the hon. member is going to be very happy with what he sees.

MR. SPEAKER: Edmonton-Meadowlark.

#### **Natural Resources Conservation Board**

MR. MITCHELL: Thank you, Mr. Speaker. It has become apparent through recent public statements that while the Minister of the Environment may want the Three Sisters golf course subjected to NRCB review, his counterpart in the ministry of forestry disagrees and may well undermine his authority to call for such a review. To the Minister of the Environment: will he confirm here and now that in fact he is in favour of an NRCB review of the Three Sisters golf course, that he will insist upon having that review undertaken, or is he going to lose another one to the minister of forestry?

MR. KLEIN: I think that you've got to examine once again, if you haven't already, the NRCB legislation. It's obvious from your question that you haven't really looked at that legislation as you ought to have looked at the legislation, because you would find that within the NRCB legislation there are programs that are on a mandatory list. In other words, tourism projects of a certain size automatically will have to go to the NRCB. If you examine the size and the scope of this particular project, the Three Sisters project, you will find that there probably is no latitude; in other words, there's no room for ministerial discretion. If indeed it fits the mandatory list, then it will have to go to the NRCB. Read the legislation.

MR. MITCHELL: Mr. Speaker, it's also true that if an EIA is called on a project, it must be reviewed by the NRCB. Could the minister therefore please confirm that the EIA having been called on the Swan Hills waste management plant expansion will require mandatorily, to use his words, that in fact an NRCB review will be called for that project as well? Will he confirm that here and now in front of all of us?

MR. KLEIN: Mr. Speaker, again the hon. member is wrong, wrong, wrong. EIA stands for environmental impact assessment. The E doesn't stand for "everything." The NRCB legislation says that certain things will have to go to the NRCB: major water diversion projects, major forestry projects, and major tourism projects. All other projects are left to ministerial discretion, and all projects are not necessarily triggered by an environmental impact assessment. Some projects have to go to the NRCB. Some projects that are considered to be environmentally sensitive are left to the minister's discretion.

#### **Community Health Services**

MRS. MIROSH: Mr. Speaker, I had the opportunity recently to meet with a group of seniors and mentally handicapped, brain injured victims who are under the age of 65 years. They've expressed their disappointment in this government's tardiness in reacting to reports such as the long-term care report; Roy Brassard's report, *Claiming My Future*; the report of the Premier's council on the disabled; and most importantly the Rainbow Report, chaired by Lou Hyndman. All of these recommendations in these reports alluded to home and community care, outlining basically the directive to preventative

health care, preventative needs, and keeping people out of institutions. Could the Minister of Health please indicate what this government is doing towards implementing these very important recommendations?

MS BETKOWSKI: Mr. Speaker, there has been a substantial move again this year in terms of restructuring budgetary priorities in the Department of Health towards community assistance. I can tell the hon. member that Community Health Services, vote 5 in the budget of Health, will be increased by 20.4 percent over the previous year, as opposed to the acute sector of Health, which will be increased 9 percent over the estimates of last year: a fundamental change in focus as we move towards enhancing our community support services. If you look to a decade ago, the exact opposite was occurring: the acute sector was receiving a far larger proportion of the increase than did community health. It's a statement of priority.

With respect to helping Alberta citizens, regardless of age, to stay in their homes, a significant program announcement was made in the Provincial Treasurer's remarks last Thursday night, wherein we agreed to extend the program of home care, in particular the home support stand-alone component of home care, to those Albertans under the age of 65. That will now be covered, and the programs mentioned will be eligible for funding under that home care for those under 65.

3:20

MRS. MIROSH: That's excellent. The under 65 age group is very important too.

Recently in the report on long-term care that I chaired, a recommendation came forward to the government regarding single point of entry. Could the minister outline whether or not these people under the age of 65 will be able to access single-point of entry as well?

MS BETKOWSKI: Yes, Mr. Speaker. A very important question, because as some hon. members may appreciate, the home care funding is a very different model than the institutional sector funding. Home care is given a budget through the health unit, and that budget is then allocated to those people who can use it most within that budget. The same will apply with respect to home care for those under 65. It will be on an assessment basis, and those assessments will be done as the program is put in place. It's a very important priority as we look to ensuring to that we can help people remain outside of institutions. The whole focus of the single point of entry is to exhaust all community alternatives before institutionalization will occur. That same theme that we've been applying in the long-term care sector will now be brought into the under 65 home care sector.

MR. SPEAKER: Edmonton-Kingsway.

#### **Free Trade**

MR. McEACHERN: Thank you, Mr. Speaker. My questions are to the Minister of Federal and Intergovernmental Affairs. The minister has in the past, in moments of rare candour, admitted that the Canada/U.S. free trade deal might erode Canada's social programs and regional economic development programs. The definition of unfair subsidy is still being developed as businessmen on both sides of the border try to force us into harmonizing our tax laws and our social programs. After

two years of the free trade deal can this minister show us any studies or release any facts that would show that the Americans are going to harmonize their programs upward to meet the Canadian level, or are the Canadian ones still going to continue to erode down to the American level?

MR. HORSMAN: The Member for Edmonton-Kingsway has prefaced his remarks with an inaccuracy, to put it in the kindest possible terminology. I have never indicated to this Assembly that our social programs are being eroded by the free trade agreement. I do not expect that to happen. That is clearly not the intent of the free trade agreement between Canada and the United States, and if the hon. member can produce any evidence to show that that is indeed occurring, I'd be very surprised.

The difficulty, of course, in determining what is meant by a subsidy is one that was clearly recognized in the formulation of the free trade agreement, and discussions are under way and may take some time to come to grips with what is indeed meant by a subsidy. That, of course, will apply to programs which may be in place at the state government level in the United States, at the federal level in the United States, and likewise with respect to the orders of government within Canada.

Those programs and policies and practices which indeed are trade-distorting should be eliminated, and that applies whether or not it is at the GATT level of discussions or in the free trade discussions between Canada and the United States, and hopefully soon with Mexico.

MR. McEACHERN: I asked him: what studies does he have to show that our programs are not deteriorating? I've got a quote right here from the paper where the minister has said that he is very concerned, and I've heard him in this House say the same thing. [interjections]

MR. SPEAKER: Order. [interjections] Order.

MR. McEACHERN: However, my second question is slightly different. The president of Mexico, Carlos Salinas, is presently in Canada pushing the fast-track approach to a Mexico/Canada/U.S. trade deal favoured by himself and George Bush. Now, Me-too Mulroney, of course, can't wait to get on another George Bush bandwagon. Does this minister acknowledge that Mexico's poor labour laws, low wages, and lack of environmental protection pose a threat to Canadian workers and Canadian people generally?

MR. HORSMAN: The short answer to the question is no, but I would think it useful, Mr. Speaker, to point this out. People like the hon. Member for Edmonton-Kingsway and his ilk believe that Canada can live in a little dream world, not trading with the rest of the world, producing only for domestic consumption, while the facts of the matter are that Canada is a trading nation and must trade with the world in order to have economic prosperity. I know there is no convincing the likes of Edmonton-Kingsway that we must be traders in the world, but the rest of Canada and the rest of the world certainly know it.

MR. SPEAKER: The time for question period has expired.

head: **Motions under Standing Order 40**

MR. SPEAKER: A Standing Order 40 request. The Member for Westlock-Sturgeon.

## Alberta Wildlife Park

Mr. Taylor:

That the Legislative Assembly of Alberta request the government to put the Alberta Wildlife Park in trusteeship by setting aside the present foundation or appointing enough new members so that the government is in the majority, for the purpose of inviting and evaluating offers from various groups to operate the Alberta Wildlife Park in the future.

MR. TAYLOR: Mr. Speaker, in speaking to the motion . . .

MR. SPEAKER: Order. Please remember, hon. member, that you're not speaking to the motion. It's a request for urgency, and then we put it to the House to see whether the matter will proceed. So it's a matter of your cogent argument for urgency.

MR. TAYLOR: Mr. Speaker, the matter of urgency is with us because the Alberta Wildlife Park is not an inanimate object, and indeed with 800 live animals in there, if it's not decided and if there are not changes made, it could mean that we would be losing one of the most unusual and attractive features in tourism in western Canada, certainly in Alberta. Secondly, the present board, which mainly has been there for some years in spite of the fact that they're not allowed to repeat more than one term, have acted more or less as undertakers for the present minister rather than doing anything. In fact, when the town of Bon Accord wanted to appoint a member to the board, the present board refused to take any new nominations. Lastly, the present board, as it comes to me through some of the prospective purchasers, have been more interested in negotiating something for their longevity rather than for the park.

Consequently, Mr. Speaker, if there has ever been a case where the government could take on trusteeship of an issue and solve the problem – and this is something that is not really political; it's just common sense. They can step into a Gainers, they can step into a number of issues that are going under, but here we have a wildlife park where animals could be destroyed because of a minister's – I wouldn't say incompetence – lack of competence in directing the area, something that has attracted attention coast to coast to the animals. Private investors, senior citizens, and others have put in over \$100,000, and the government is there dangling their bonnet and plume while the whole thing is going down the drain.

It would be very easy indeed and I think it's very necessary that the government step in as soon as possible to put the thing into trusteeship and start entertaining offers, because it will become a self-fulfilling prophecy if left in the hands of the minister. It will decay and die because there's no imagination, nothing is going on over there. So government has to step in and take over trusteeship, Mr. Speaker, and that's the main reason for the urgency. If we leave it, we could lose one of the best attractions we have here in Alberta, as well as a lot of innocent animals going down the drain because we can't take action ourselves.

MR. SPEAKER: Standing Order 40 clearly says: "a motion may, in case of urgent and pressing necessity previously explained by the mover" only. So on the request to the House for unanimous consent for the matter to proceed, those in favour of allowing unanimous consent, please say aye.

SOME HON. MEMBERS: Aye.



MR. SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

MR. SPEAKER: The matter fails.

head: **Orders of the Day**

3:30

head: **Government Motions**

15. Moved by Mr. Horsman:

Be it resolved that the Assembly resolve itself into Committee of the Whole, when called, to consider certain Bills on the Order Paper.

[Motion carried]

### **Provincial Fiscal Policies**

9. Moved by Mr. Johnston:

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

[Debate adjourned April 5: Mr. McEachern speaking]

MR. SPEAKER: Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Speaker. The other day I got a start on my speech on the budget, and I want to just briefly go back over some of that ground with one addition. Actually, it turns out that the numbers I was giving you are even worse than what was indicated in the booklet because the Treasurer made a \$195 million mistake that I didn't know about at that time.

The members may recall that I had asked them to turn to page 38 and look at the Net Cash Requirements to get a handle on the deficit for last year. However, for the moment you should turn back to page 34 and pick up the \$195 million mistake that I didn't put before the Assembly at that time. It happens that the figure of \$344 million for stabilization income from the federal government in that forecast column is \$195 million high. The Treasurer admitted that he did not get that money. Therefore, the figure at the bottom of the page instead of showing income of \$11,896,000,000 should really just show \$11,701,000,000. That would mean that the balance between the expenditures and revenues would also change then by \$195 million, so when you go to page 38 and look at the forecast for Net Cash Requirements, the \$1,086,000,000 figure is not correct. It should be \$1,281,000,000 because of that \$195 million error. Now, if you add those figures, of course, then the bottom number of \$1,764,000,000 there now will become \$1,959,000,000.

[Mr. Deputy Speaker in the Chair]

Now, Mr. Speaker, I put forward the argument that that figure is closer to the true debt of the province for 1990-91 than the \$1,086,000,000 that the Treasurer tried to pawn off on the people of this province and the country of Canada. In fact, even the *Financial Post* was quoting that \$1,086,000,000 figure as being the debt of the province in the 1990-91 fiscal year. Clearly, if you throw in the heritage trust fund, you're around \$2.1 billion, so the Treasurer was wrong by a hundred percent on his estimate of the debt that the province would incur in '90-91. In view of that, I don't know how anybody dreams that we should possibly believe the balanced budget that he brought in this year.

I want to further talk about the debt and the numbers in both the last year and this year and the accumulated debt of the province to back up my assertions.

I also went through some figures last time indicating the debts incurred in each of the last five years. Now, four of those years, of course, were hard numbers from the public accounts, the actual figures. They totaled \$9.8 billion. If we add to that the knowledge we now have for '90-91 from page 38 of the Budget Address, the \$2.1 billion, that puts us at \$11.9 billion. We know that the consolidated figures the Auditor General will bring out a year from now will be slightly higher than that if you follow the pattern of what's been happening in the budget and the various deficit figures for the last five years. Clearly, Mr. Speaker, at this stage we must admit that the accumulated debt of the province is \$12 billion, equivalent to the heritage trust fund financial assets.

Now, that makes me wonder why the Treasurer then tries to claim in his expenditures on page 36 that the debt servicing costs for the fiscal year we've just started will be \$1,050,000,000, when by his own admission he was wrong last year on this level. He projected in his budget for '90-91 that there would be debt servicing costs of \$965 million, an increase, he claimed, of only \$90 million over his forecast from the year before. Now, his forecast turned out to be just a little bit under, and instead of \$875 million it turned out to be \$880 million, as we now know because of the public accounts that just came out for '89-90. We told him at the time that the amount budgeted was too little and that it should be between \$1.1 billion and \$1.2 billion. He has admitted that in his forecast. It is now, according to his forecast, \$1.128 billion for debt servicing costs for 1990-91, yet after last year's experience he still has the gall to suggest that his debt servicing costs will go down to \$1,050,000,000 next year.

Now, it is true that interest rates are going down to some extent, but the Treasurer has built himself in a catch-22 here and doesn't seem to realize it. I guess he thinks if he turns pages he can forget what's on the other page and doesn't have to pay any attention to it. He can say whatever he wants on this page, and as soon as he turns over to the other page, he can make different assumptions and make his projections on the other page – that is, the revenue page – without considering what he said about expenditures.

Suppose interest rates do go down enough that in fact he does only spend \$1,050,000,000 on debt servicing costs for that \$12 billion debt we now have. We now have that debt, make no mistake. March 31, 1991: we have a \$12 billion debt, accumulated deficit. If you go over to the revenue on page 34 and look at what he expects to make with the \$12 billion that he has in the heritage trust fund, he has increased that substantially this year over last year. The budget figure he's claiming that he will make for the revenues of the province in this year we're just moving into, 1991-92: \$1,555,000,000. Now, I wonder why he thinks there should be a \$500 million difference between what he's going to pay for \$12 billion of debt and what he's going to earn on \$12 billion of assets. Mr. Speaker, it defies logic. If interest rates are going to go down in terms of what we have to pay, you can bet they're going to go down in terms of what we're going to earn. Now, it is true that some long-term contracts are going to distort that, and there may be some differences. I'm not suggesting there won't be any difference, but \$500 million, 33 percent difference? It is totally unrealistic.

Mr. Speaker, my colleagues have talked about the fact that these revenue projections were pie in the sky. I'll just run over them. Personal income tax is much too high, probably \$200 million too high; projections for nonrenewable resource energies

are at least \$200 million too high in terms of crude oil royalties, at least \$200 million too high in terms of natural gas, probably \$150 million too high in terms of bonuses and sales of Crown leases; further down the list his projections for income from the heritage trust fund are probably \$300 million too high; which makes that revenue projection about a billion dollars wrong.

Now, that's exactly typical of what the Treasurer has done almost every year. While I'm at it, I might say that in terms of the oil and gas revenues, the minister just the other day stood up in this House and said that the Treasurer has been right every year for the last three years. It just happened that I had the three budget books for the last three years on my desk, just accidentally had them here, and what did I find? That the Treasurer was right one out of . . . Okay; those are six figures that we're talking about: oil revenues and gas revenues for the last three years. Out of those six figures the Treasurer was right once: last year on oil. He was wrong five times, and he overestimated them every time for the five times. I can quote you the numbers right out of your own books. For oil royalties in 1988-89 the Treasurer projected \$1.16 billion and only took in \$0.933 billion. In '89-90 he projected \$1.22 billion and only took in \$1.126 billion. In '90-91 he projected \$1.32 billion, and this is the one year he was right. Because of the Gulf war, which he had no reason to assume would take place, he brought in \$1.39 billion. That's according to his forecast, and it's the only figure in which he was right.

### 3:40

If you go to gas revenues, in 1988-89 he projected \$1.41 billion and only took in \$0.988 billion. That's the actual figure, not a projected figure. In '89-90 he projected \$1.10 billion and took in \$0.96 billion. In '90-91, this forecast year that we were just talking about a minute ago, he projected \$1.26 billion, and now the forecast is down to \$1.1 billion because he isn't going to get that much money. So five times out of six he was wrong and wrong in the direction that hurt the people of Alberta. He told them that he was going to bring in more money than he got. For the Minister of Energy to stand up and categorically say, "Well, he underprojected every year for three years on both those things," is just sheer nonsense. It's typical of how this government, every time it opens its mouth, goes: "We're the biggest. We're the best. Everything's wonderful. We're number one." It is sheer nonsense. They would do much better to stick a little closer to the truth and talk moderately about the prospects of this province at this stage rather than giving some cockamamie story that everything is wonderful and this budget is somehow going to be balanced.

Now, I've dealt with the revenue side and indicated that there's about a billion dollar error on the revenue side. On the expenditure side there's also a problem or two. The one I've already mentioned. Probably the debt servicing costs will turn out to be in the neighbourhood of \$1.3 billion to maybe even \$1.4 billion rather than the \$1,015,000,000. Also, the Treasurer made no allowances in the estimates for supplementary requisitions. We know that every year they've been using more and more and more of them. I mean, even if there are one or two legitimate uses of the special warrants, this government is not going to have a balanced budget, yet they made no provision whatsoever for any emergencies. We know this government has a penchant for not only having to deal with emergencies but also adding some other things that are not really emergencies to their spending behind closed doors between budgets. Mr. Speaker, I think it's fair to say that the budget will be between \$1 billion and \$1.5 billion in deficit when we see the public accounts on it

two years from now. There is absolutely no way that this Treasurer is correct.

Last year he projected a billion dollar deficit; he got a \$2 billion deficit again. He had \$2.3 billion the year before that. He had \$2.02 billion the year before that. The pattern is there for anybody to see, and the few changes he made – some of the taxes and things that he imposed and some of the proposed cuts that he intends to make – will not close that \$2 billion gap. They may close it a little bit, but I would bet my last shirt that the deficit will be over a billion dollars, and it will probably be \$1.5 billion when the books are all in.

The Treasurer, of course, keeps trying to talk about just the budget. He's spent a lot of time pushing some of the figures into the consolidated side that the Auditor General has to deal with later in getting the actual picture for the province. That is one of the things I wanted to ask about. The next time he's in the House the Treasurer might like to explain those figures on page 38 that I was talking about. The reason the net cash requirements on page 38 are so out of whack, or at least one of the reasons – there's a fair number of them there – is the adjustment to cash basis. I spent some time talking to somebody in the Auditor's department today and wondering why that figure, which had been a positive figure for us over the '89-90 year and also the year before – I looked that up as well – which was the first year he did the accounting this way, why he estimated the \$207 million positive for the cash adjustment basis, and why it turned out to be a \$237 million negative for us. That's a \$440 million discrepancy between what was projected and what happened. I think the Treasurer owes us an explanation.

I can't help wondering if it was something to do with the decision somewhere along the line in the sale of Telus shares to take only half of the money in September, when the sale was done, and wait a year for the other half. Maybe they didn't anticipate that when they did their budget last spring, although I might also say that when they did their budget last spring, the Treasurer stood up in this House and said: we're not relying on the sale of assets to balance the budget. Yet he has very carefully taken \$335 million out of the heritage trust fund investments in AGT, into general revenues, and he has also very carefully not used any of that money to buy back the company, the \$160 million he paid for the company. He's decided to take that out of some kind of loan fund, so it won't show up for two or three years down the road, or at least it'll show up in parts and he'll be able to bury it or something.

Then, of course, there's the \$204 million deficit of NovAtel. He's decided to account for only \$131 million of that, and we're not quite sure where that is in the budget. It might be well if the Treasurer would come clean and tell us where that is.

The Treasurer has, as I said, moved a lot of things out of the budget and sort of left them at loose ends, so the Auditor has to pick them up later, and that means we're that much later finding out what they are in some detail. Yet if you look through other parts of the budget, you can find some interesting information. On page 41 is an interesting chart showing the changes in unmatured debt. That went up from \$7.9 billion at March 31, 1990, to \$9.98 billion in only nine months of 1990. That's a \$2 billion increase in that unmatured debt, and it shows the rate at which our debt is accumulating and that the Treasurer does have a serious problem he doesn't like to own up to or show us too often.

Mr. Speaker, I want to go to the public accounts for a moment; there's also something interesting there. You know, the Treasurer and I have been talking about the heritage trust

fund quite a lot over the last few years, and I keep telling him that we're coming to the point now where the debt is as big as the heritage trust fund. I said it would be by the time we got to March 31 of 1991, and here we are. It showed that when I added last year's debt to the accumulated debt at that point. In his own figures in the budget here he shows that the heritage trust fund now has \$12 billion in assets. There have been some interesting changes, which we will be looking for some explanations about in the near future.

Alberta Mortgage and Housing Corporation. Of course, they sold \$600 million worth of property there, so that investment from the heritage trust fund has gone way down. I gather most of that money was put into the cash and marketable securities section, as I see it's \$4 billion there now instead of just over three, as it had been for a year or so.

The question that occurs to me is: what did they do with the money from the sale of Telus shares? Now, I realize they only got half the money for a lot of those shares in September of last year, but where did they go? It makes me wonder why – or maybe the Treasurer isn't in a hurry to explain to us, and maybe that's why we can't get the December 31 quarterly statement for the heritage trust fund. I know years when we've had it on February 13, yet here we are into April and we still don't have the quarterly report of the heritage trust fund for December 31. Oh, we can get the September one all right, but of course the sale was taking place at that time, so there wasn't much in the way of changes. Now there've been some dramatic changes. We'd like to see them, and we think the Treasurer should come clean and show us what they are.

To go back to the consolidated debt figures and assets for a moment – and that's why I was linking the heritage trust fund back into this discussion – if you were to look at page 1.4 of your public accounts, you would find the assets and liabilities of the province of Alberta summarized by the Auditor General. This is the consolidated figure. This throws in everything: the heritage trust fund, all these Crown corporations, and commercial investment. Well, it doesn't throw in everything. The Treasurer still has some subsidiaries of companies like NovAtel and Softco and S C Properties and a number of things like that that he doesn't let the Auditor . . . Well, the Auditor does the books, but he isn't allowed to make them public or build them into these numbers. There's a number of postsecondary educational institutions and hospitals and things like that that the Auditor General thinks should be counted but aren't. But in any case, we can only go, then, with the numbers we have from the Auditor General.

**3:50**

I've been watching this particular page through the years for some time now. It also is sort of a double confirmation of what I said about the assets of this province. We have blown the heritage trust fund in four or five years, having taken 10 years to develop it. If you look on page 1.4 of public accounts, you'll see a figure down near the bottom under Liabilities and Net Assets. Never mind all the other figures; the bottom line is here. Net assets at the end of the year: \$2.727 billion. So \$2.7 billion is the net assets at March 31, 1990.

[Mr. Jonson in the Chair]

Now, I just got done showing you when I started my speech a few minutes ago that the deficit for last year, for '90-'91, by the Treasurer's own numbers, although you had to do a little ferreting and correct one of his mistakes to find it, will be \$2.1

billion. If you subtract \$2.1 billion from \$2.7 billion, that means the net assets of this province are \$600 million. Mr. Speaker, that is scandalous. The Treasurer the other day was standing up saying that we're the only province with positive net assets in the country; by the skin of our teeth and within a few months it will be gone at the rate this government is going. We have net assets in this province of \$600 million, absolutely pitiful considering that we had what the Treasurer used to like to brag was \$15.3 billion in the heritage trust fund just a short five years ago.

So I submit, Mr. Speaker, that the Treasurer has brought in a snow job for Albertans, that he's done a bad job. Every year he's been wrong on the revenues and expenditures balance – that is, on the deficit – by a billion dollars. This year will be no exception. He will be wrong by at least a billion if not a billion and a half.

MR. ACTING DEPUTY SPEAKER: Rocky Mountain House.

MR. LUND: Thanks, Mr. Speaker. It certainly gives me a great deal of pleasure and pride to rise as a member of this government after the accomplishments of the last five, six years. I must say that we have just listened to doom and gloom. I've heard of bad dreams, but certainly that must qualify as a nightmare.

Mr. Speaker, when we look back and see what happened prior to these last five years, we know the damage that the NEP did to our province, how we had so many billions of dollars, \$80 billion to \$100 billion, siphoned off by the federal Liberal Party led by Trudeau, who incidentally seems to be a hero of some Albertans still adhering to that philosophy, that centralized power grab that doesn't allow provinces to do their own thing. We look at that and think of the fact that back in 1985 and '86 we had projections and budgets based on \$40 oil when in fact it fell down to \$10 to \$13, but more importantly programs at that time and expenditures were built around those kinds of prices. So to think of what this government did at that time, under the leadership of our present Premier, setting out a plan as to how we're going to deal with the major problem, I take great pride that I'm able to now be a member of that government. It would have been nice to be part of the planning team at that time, because it's so exciting to see what finally happened.

At that time the government set out a plan to reduce government spending, to focus resources on very carefully selected priorities, and to increase taxes only where necessary. When you look at what has happened over this period of time, it's very exciting to see how all of these plans and designs came about. Alberta today is the most exciting place in Canada to be. There is no doubt in my mind that we wouldn't be getting an influx of 22,000 people over the past year if the whole country didn't recognize that.

When we look at that plan and we talk about the reduction in spending, I just want to make a few comments about that. Over that five-, six-year period the average increase in spending of this government has only been 1.9 percent, the lowest in Canada. The federal government just happened to be the next lowest, but they were increasing their spending at 5 percent a year. Ontario had the poorest record at 10.2 percent. When you average them all together, here we come up with a figure of 7 percent. But, Mr. Speaker, the province of Alberta was able to maintain that low level of increase and still maintain the top priorities of Albertans; namely, health, education, and social services. The percentage of spending in those three areas in the '91-'92 budget now accounts for 68 percent of the total budget. That is \$1.7 billion higher than it was six years ago. So while we've been

able to keep the overall spending down to a 1.9 percent average increase, the increase in the top priorities of Albertans has in fact increased by a larger percentage.

It's interesting to note that had the program spending been allowed to even just keep up with inflation, we would have seen a budget in '91-92 of about \$2.8 billion higher than our current budget. It's also interesting to note in the '91-92 budget how half of the departments have actually seen a decrease in spending, very remarkable. This kind of spending control is what really builds confidence in people's minds, and we have to remember that the government can't do this all by themselves. The people have to have confidence in the government and in the atmosphere that it's created so that they can bring the economy around to the great position we're in today.

In order to help, of course, in the building of that economy and to get this confidence that is so necessary, the government had to select certain areas that they were going to assist, certain businesses, and take some risks. Of course, we hear the doom and gloomers talking and pointing out some of the failures. Well, of course there are going to be failures. The only way you're not going to have some failures is to not do anything. If you don't do anything, then you've got a total failure. I think it was very prudent on the part of the government to take some of those risks and build the confidence, get the economy moving. It's really interesting when you look even to things like the credit unions. Last year they all showed a profit, quite remarkable. They were right down. The government had confidence that they could come around, gave them some assistance. Had the government not assisted the credit unions, 560,000 Albertans would have had a great problem. That's just one example. It goes on and on. We could spend the whole time talking about the successes of the government's support and intervention.

Of course, now that the economy has turned around and the necessity for the government to get involved in private business has diminished, we notice this government pulling back from those areas and would trust that we will see an even further decrease in that involvement. I know there are areas we're going to have to continue to support because they cannot possibly stand on their own when Albertans are telling us we must work in those fields. The prime example of that is in the field of environment and recycling. It may be quite some time before some of those things can stand alone, but it's necessary that we support the efforts in those fields.

4:00

Just to give some proof to the fact that government intervention has worked and we do have confidence built back, we look at job creation since 1985: 107,000 new jobs. Very remarkable. Another way this government saw fit to assist and get the economy rolling and that confidence was through diversification. We know that investment in this province is driven by the momentum of Alberta diversification. We've seen many examples of that. In 1991 the Alberta economy grew by 1.5 percent, three times the U.S. rate. In fact, in a lot of areas in Canada there was a negative. It didn't grow; it decreased. So we know that we have that confidence. In 1990 exports from Alberta totaled about \$17 billion. In 1991 we know the pulp and paper industry will increase their exports by somewhere around 65 percent. We look at the investment business is making and see there that investment outside the energy sector is about 80 percent higher than it was in 1985. Diversification is working, the confidence in our economy is there, and all of this at a time when interest rates are high and our Canadian dollar is high, two

factors that work against what has been happening in this dynamic and great province of ours.

We've seen how the rest of the country now is slipping into a recession, as a matter of fact getting into quite a deep recession, and here the Alberta economy is growing. Then I hear people in this House standing up and talking about how terrible it is, the terrible doom and gloom we've got, when the figures are showing exactly the opposite. I heard the leader of the New Democratic Party saying the other day that the last budget was a tax grab. How on earth can anyone say it's a tax grab? I was really disappointed in his scare tactic as well. When he talked about the civil service being reduced by 800 people or 800 positions, does he have no confidence in those people? This province created 12,000 new business last year, all the jobs that go with it, and then he indicates that people that may have to change jobs because the position in the civil service is not there are going to go on welfare. Well, Mr. Speaker, I have far more confidence in those people than that. I feel that we've got very good people working in the government and they will be able to move from the public sector into the private sector if that is necessary. Of course, this is a very caring government, and I know they will be making sure the opportunity is there through attrition to reduce the number of positions, and of course there will certainly be the opportunity for people to move from one department to another as well.

I also had to listen to the hon. Liberal leader the other day making some comments about how terrible this budget was because it didn't talk about a plan to reduce the debt and was not addressing the unfunded pension liability. Well, Mr. Speaker, if the last five-year record, the plan that was put in place and worked through, isn't evidence that this government can take on those other two big issues, then I'm afraid he's really missing the whole point. As I sat here on Friday and watched that performance, it made me think of what kind of leader there is over there. I couldn't help but think that it's pretty much a lame duck type. When you watch the performance of mother duck and her ducklings, you see that as soon as they get into a little bit of trouble, the mother starts making a bunch of noise and floundering around and the ducklings disappear. Here we were on Friday with just a perfect example of that. Then you think of a little bit of the history, how a mother duck then will do all these things and try to get somebody to follow.

When that leader came into the House, I remember him talking about what a great financial record he had. Then we learned that they weren't able to build a sewer system that would handle the sewage. They've got to put raw sewage into the river when it rains. Today we learn about the problem with the disposal of garbage. All that was accomplished was to make the surrounding municipalities mad. We read in the paper about the terrible condition of the streets. Well, sure, anybody can be a great financial manager and not be in debt if you don't put anything back into the infrastructure. That's not being a great financial manager. So that one didn't work.

Then the next thing we see is: well, we're going to have a bunch of freedoms, freedom to vote, freedom to do whatever you like if you're a member of my party. That one was very interesting to watch as well. Some of us that have been around for a little while in municipal politics remember very well the Executive Council that used to be in position in his former days in the city. We also observed the votes. I think they're taking the leadership from the hon. Leader of the Official Opposition. It seems to be always the same. So that one didn't seem to get any following. Now what have we got? Well, we've got free memberships. They're worth just what you have to pay for them.

Anyway, I would hope that one of these days they would come around to recognizing what great things have been done in the province, how it's moving along and is the best place in all of Canada to live. I wish they would stand up and acknowledge some of that.

More specifically, I'd like to just make a few comments on exactly what the budget did and what it's going to do in 1991. Under Health we see some exciting things. We've got to also recognize that we're spending \$4.1 billion in health, in excess of \$1,600 for every man, woman, and child in this province. We see, for example, the \$2 million for a program to assist rural areas in recruiting and retaining physicians, a very important incentive. I know even in the Rocky Mountain House constituency the problem of retaining doctors at the one hospital is a major problem. We see that the community-based health services are going to increase by 20 percent. Another very important initiative: home care budget increased by 30 percent. I think we all believe that the longer we can keep the elderly in their own homes, the better, not only on the expenditure side but also for the benefit of the person. They are so much happier and the opportunity for them to recover and become active again is much increased if they can stay in their own homes.

#### 4:10

Another area that has really concerned me is the mental health services that are available to people in the community, so I was very excited when I saw that that is going to increase by 50 percent.

Of course, there are some things in the budget that were a little bit disappointing to the Rocky Mountain House constituency. We do have a great need for extended care beds in that constituency. Both the Eckville and Rocky Mountain House projects completed their planning, have been sitting there now for two years. The boards have requisitioned the local municipalities for money to purchase land to put in infrastructure. So those dollars have been spent and are sitting there.

One other project that, while it's not totally within the Rocky Mountain House constituency, does affect a large portion of the south is the situation at Sundre. The Sundre hospital converted a number of beds to extended care. Now, with the Shell project and all the activity in that area, they are really concerned that they are going to need those beds for active care but have no place to put the folks that are in the extended care.

The situation in Sylvan Lake. I'm very excited about the group of people there that are working to get an extended care facility under the chairmanship of Dr. Fred Janke. They're using some very innovative ideas and are prepared to say that government can't supply everything. I'm very hopeful that in the future we can move along with a project in Sylvan Lake that would allow the community and the residents to contribute much, much more toward their care.

When we turn to education and see that the basic grants are going to be increased by some \$5 million, that's a very much needed injection. In the education of the severely disabled student we'll see a 94 percent increase over last year's budget; in distance ed close to \$7 million, over a 30 percent increase. Distance ed, of course, is a very important thing in the Rocky Mountain House constituency. We have a number of small high schools. They can't afford to offer nearly all the courses that are in the larger centres yet are able to offer quite a number through distance ed: a very important factor.

Of course, the whole issue of equity in funding is still out there, still a major concern, certainly a major concern in the

Rocky Mountain House constituency. The dealing with corporate pooling has not met with any reception in the Rocky constituency.

Turning to the support of seniors, it's interesting to note that this year the budget is calling for about a \$1.2 billion expenditure for seniors' programs. It's wonderful to see that kind of support for the people who went through a great deal of hardship building this great province of ours a number of years back. I certainly support whatever we can do in their support. However, I recognize that we certainly have to be very cautious and fair. It's interesting to note that in 1989 the number of seniors requiring the supplementary payment from the federal government under the assured income was decreasing at a rate of 2 percent a year. That certainly indicates that we are getting many more seniors that do have some ability to pay for some of the services. I think we have to be watching that.

In the field of environment, we see that funding for the fish and wildlife conservation and enforcement services will increase by 12 percent, a very important initiative. I would hope that we will be able to get into a position where we will have at least two fish and wildlife officers in every office. Certainly in the Rocky Mountain House constituency they are covering huge areas, and we continue to get reports of poaching, this type of thing, yet not the manpower to handle it. So we do need to increase that.

The \$6 million in the waste minimization and recycling program is another important initiative. I think we're going to have to really keep on top of this one. The ability for the private sector to recover all costs is probably not going to happen in every area, yet I think it's a real waste to continue to bury or burn or dispose of many of these products that could be recycled.

Dollars are set aside to continue with the environmental protection legislation and the review of the Water Resources Act. The review of the Water Resources Act, as I'm sure most members are aware, is going to occur over the next year. There will be a great deal of public participation again like there has been in so many of the other things the government has been doing of late. This one is of particular interest to me, being on the Water Resources Commission, as they will have a great deal of input into the process and in assisting in that process.

The Environment Council of Alberta. We heard today some comments about their new initiatives. I think they're going to become, under Natalia Krawetz, very active in the field of the environment. I can't say enough good things about her from the meetings we've had with her in the Environment caucus. A very capable person, she knows where she is going. I think we're going to see great things happen from the Environment Council of Alberta.

The North American waterfowl management plan will see \$80 million spent in Alberta. A lot of those dollars are coming out of the United States. It's very important that we do our part in that conservation, not only get the dollars but do the work. The improvement of waterfowl habitat and the enhancement of soil and water conservation are very important things to do in the province of Alberta.

#### 4:20

Turning to agriculture, of course we're well aware of the very difficult situation in agriculture today in Alberta. While the livestock sector is doing okay, I want to caution anybody that thinks it's all great. Certainly the prices we are getting today we got back in 1980 as well, and our input costs have gone up dramatically. But I believe the government is being very fair. We are showing that it is one of our number one priorities.

When you see \$400 million going into direct benefits for farmers, that's a lot of money. Improvements in things like irrigation, \$68 million, are important. We're supporting the secondary industries to agriculture – the packing plants, the processing – adding value to all these products. That will increase the ability of the agricultural sector to compete in the world market. We must be in the world market, not drawing a fence around ourselves and trying to stay just within Alberta.

The new GRIP program: while there certainly are some problems, some ironing out to do, it will provide a revenue insurance, something that hasn't been there in the past and I think is important, particularly to the grains and oilseeds sector.

In the whole area of agriculture, of course, the United States continues to be our main customer. Thanks to free trade, we've been able to increase our exports to the United States. I know we've got some problems with the mechanism there. Some shipments have been . . .

MR. ACTING DEPUTY SPEAKER: Order.

MR. LUND: I didn't hear the bell.

MR. ACTING DEPUTY SPEAKER: The Member for Edmonton-Highlands. [some applause]

MS BARRETT: Thank you, colleagues. Mr. Speaker, I think I'd like to get right to the point about this budget. Not only is it a deceitful budget in the assumptions it makes, which inevitably will be proven wrong; it is a budget which ignores the human reality of Alberta. I have started to wonder if the government of Alberta, the Conservatives, have forgotten that 8 and 9 percent unemployment is simply not acceptable. I think these people have come to accept that as a reality, and I object to that. I think 8 and 9 percent right here in the city of Edmonton and throughout Alberta is unacceptable, Mr. Speaker. This budget not only does not address that problem; it actually will, if implemented as planned, exacerbate that problem.

When these guys get into trouble, all they can do is look around to lay people off. I remember I saw Don Getty, our Premier, on TV in early January asked point-blank by reporters: when you go toward your balanced budget with the public service, does that mean you're going to be looking at layoffs? He hesitated. He said: no; er, attrition. I believe that was his response more or less. He said no to layoffs. What do you think, Mr. Speaker? A few weeks later these people took out their axes before their budget was tabled and started laying off people in the Department of Culture and Multiculturalism. We know that's not the end of the line, Mr. Speaker.

This budget declares itself to be happy that it's going to throw out hundreds of people from jobs. Well, has any Conservative here ever been thrown out of work? I'd like to know if they know what it's like to have a job, to work hard, to be a valuable frontline worker, and suddenly be told, "You're not worth it anymore; out you go." Now, in this economic climate, Mr. Speaker, it ain't that easy to go and find other work.

I hear the Member for Rocky Mountain House talking about the private sector. You're doggone right you need a partnership between the private and the public sectors, but when the private sector is incapable, usually for economic imperatives, of providing the sort of employment opportunities that lead to a balanced environment, then it is the responsibility, in my assessment, of public officials to create that balanced environment: not to throw people out of work; rather, to create work.

Now, what do you think is going to be achieved, Mr. Speaker, by the hospitals in Calgary and Edmonton laying off people, workers, and contracting out their jobs? They think they're going to save money, right? You know what my experience is? Any experience, by the way, of every organization that has bothered to do time series observation on these matters is that you do not save tax dollars by privatizing. What happens is this: the difference between the \$7 or \$8 dollar an hour job and the \$12 dollar an hour job is merely pocketed by the organization that hires the new people. This is not a savings. This is an ideologically driven budget, and I think the government should be ashamed for blaring as loudly as it does how proud it is of having dumped 3,500 jobs over the last few years. Not a lot to be proud of.

But what's worse, what really bugs me about this budget, Mr. Speaker, is: do you remember the fancy throne speech we got a couple of years ago just before the plug was pulled and an election was called? I do. It had this phoney commitment to social housing for the inner city. You know how many units we got? Twenty-three. I still have to deal with people who live in the street. They also live in doorways of buildings. This is where they live, and do you know why? Because this government is so cynical that it thinks it can conduct a throne speech or a budget speech – usually it seems in the Getty epoch, which I hope will be pretty short lived – to be used only as an election campaign platform, the excuse by which they call the election, and not to be lived up to thereafter. That's what I find objectionable about this budget.

There is an increase in the amount of money for social housing, but I can tell you one thing: no spin doctor is going to let any cabinet minister not get out and blow the horn from the highest peaks if they've got a special program they want to peddle. My guess is that they don't have an inner-city housing program they want to peddle. Well, maybe the ministers responsible for this budget ought to look at what's going on in the inner city, in downtown Edmonton, and see the big development plans where glossy, fancy new condos are going to be constructed, throwing the people, who have to live, by the way, on \$200, \$300, and \$400 a month, out of their cheap accommodation. That accommodation was never very nice. It's often pretty nasty, pretty slummy. But at least it's shelter for them. Where are they going to go? Does this government have a plan? Not as far as I can see. Not in this budget.

Mr. Speaker, I think the Ontario government has set a good example for the sort of priorities people want to see . . .

AN HON. MEMBER: Good example. Two hundred and thirty-five thousand less working.

MS BARRETT: Mr. Speaker, I'll respond to that. . . . a good example of what a government should do when it's facing bad economic times. The NDP in Ontario campaigned on a stimulating budget; in other words, a budget that injects into public services greater than the previous . . . [interjections]

MR. ACTING DEPUTY SPEAKER: Order please.

MS BARRETT: At least I woke them up, eh?

They promised to spend money in areas of social priority so they could help get an economy driven down into recession back on track. I would love to blame the Liberal government, from which they took over, for that recession, but I can't. I wish I could, but I can't, because I know it was Mulroney and his high

interest rate and high unemployment rate policy which did that to the bleeding economy of the country.

AN HON. MEMBER: Conservatives. Conservative government.

MS BARRETT: You got that right. And they're conservatives.

Mr. Speaker, I think any political party with courage would identify the spending priorities that go with the social priorities people want. They're sick and tired of governments looking after their friends in between elections, often through special warrants, and then coming out with a budget that says it is balanced on undeclared and assumed bases and then tells people we're going to get you to pay more and you might as well expect to get less. The exceptions are rare.

[Mr. Deputy Speaker in the Chair]

In the case of Health, which will have a 6 percent increase and not an 8.9 percent increase in funding, one has to ask: if they've got an increase that is at least meeting the rate of inflation, where is the money going? Why are all these people having to be laid off, and why am I getting calls day after day from heart patients waiting for their surgery? These guys don't know what they're doing. I've always believed that they could never run a lemonade stand. I think last year's worth of special warrants proves that.

I think this budget demonstrates fully that this government has entirely lost sight of the human factor, which ultimately is the purpose for which government is elected. Good government should be elected and will be elected with the NDP. Thank you.

4:30

MR. ORMAN: I welcome the opportunity to speak to the Provincial Treasurer's budget, the budget of the government of Alberta. Mr. Speaker, I want to speak specifically to a couple of areas that I believe are of interest to all members, and that is how the price of oil and gas and the revenues from land sales and other areas relate to the number which we use for about the 20 percent revenue that contributes to our budget.

I should first point out that historically revenues from the energy sector played a much greater role, a much more significant role in the revenues to the province than they have in recent budgets. I can recall by looking at statistics that back in the late '70s and early '80s we had seen a situation whereby energy revenues accounted for about 50 to 55 percent of the total revenues of the province. I'm sure that if we were to look farther afield, at least further back into the 1970s and the '60s, quite possibly it could have made a much larger contribution.

For a couple of reasons it was our decision not to rely solely on energy revenues. One is because as a result of the price shocks in the late '70s we were unable to count on revenues to the extent that we had in the past, and certainly there has been a great deal of instability in the oil markets and instability in prices. It used to be, Mr. Speaker, that the supply/demand balance was really the key to determining what value you would get for your energy revenues; that is, if there was a certain level of demand, there would then be a commensurate ability to predict your revenues. Well, we know that international oil prices now have a healthy dose of geopolitics imposed upon them; that is, oil prices are really dictated by political circumstances, within OPEC specifically, that really have a significant impact on the overall price.

Well, Mr. Speaker, over the last two budgets that I've been Energy minister, I have become acutely aware of the difficulty of predicting prices, predicting prices for oil and also predicting values for our natural gas sales. On the oil side one of the anomalies is the rate at which we are losing conventional production of our crude oil. We are in a mature geological basin in western Canada, and we are losing production at the rate of about 1 and a half to 2 percent per year. Now, that was far greater than we had anticipated, or for that matter anybody had anticipated, if we were trying to predict the rate of decline for conventional oil two years ago, for instance. Because geology is very much an art, as it is a science, it's very difficult to predict the rate at which some of these producing oil wells will go on production decline.

Mr. Speaker, with regard to picking a value for revenues for oil and gas this year, we put a great deal of thought into it. It was quite difficult to do because at the time we were trying to make our judgments on oil prices, we had a war going on in the Persian Gulf, and it was playing havoc with prices. Many will probably be a part of the school of thought that with a war in the Persian Gulf, as we saw with Iraq invading Kuwait, we'd see much higher oil prices and that we would see a softening of prices once the conflict abated. Well, quite frankly, the reverse happened. We saw higher oil prices prior to the armed conflict in January, and by the time the conflict was over, we saw prices higher than they were when the war was going on. So that was really contrary to any speculation that was out there by people who are sophisticated or unsophisticated in their analysis of oil prices.

There are some implications of the war that have an impact on price today, Mr. Speaker, and I want to refer to these, because I believe it underlines the difficulty that we have in picking a price because we are coming out of this anomaly that occurred, and that was the Persian Gulf war.

One of the things that has happened which was quite surprising to us, Mr. Speaker, was, as I indicated, we saw that this war which occurred had some very significant impacts on price and on volumes. What happened during the war was that it gave many countries, many developed nations or companies that inventory oil – strategic petroleum reserves, to be specific – really a hedge: they'll buy it at lower prices and produce it during periods of higher prices. What we saw was that it gave these organizations, these countries, and these companies an opportunity to inventory oil in anticipation of an armed conflict.

Generally, in countries, OECD nations, and international oil companies there is about a 60- to 65-day inventory of oil at any one time, and that includes oil that is in stocks, that is in pipelines, or that is on the high seas moving from one part of the world to another. We saw strategic petroleum reserves increase to about a hundred days forward. That was in anticipation of the conflict. Well, what we're seeing today is that because there is this tremendous amount of forward stocks or inventory, there is no call for crude oil, particularly coming on the heels of a fairly warm winter. So there is not a demand today for crude oil for that particular reason, and traditionally this time of year is the softest time of year for the oil market.

We also see at play in the oil markets, Mr. Speaker, some areas that we look to that will have an impact on a higher price, higher than is currently in place today of \$19 to \$20. I know that if we were to take a snapshot today – and many people do. They look at today's price and say: "Hey, the price today is \$19.81. How can you then go off and pick a price of \$23?" Well, you must look at it in context of what's at play today and then forecast other matters into the future. Some of those

matters that we're looking forward to I think will lead to a higher price than we're seeing today.

One very important issue is what is at play at OPEC. We've seen recently that OPEC has agreed to bring their member countries back in line on production quotas. That, as you know, went out the window with the war. The OPEC countries have agreed to lower their production. One of those OPEC countries that is going to have a significant influence in OPEC is Saudi Arabia. We know that Saudi Arabia has a very significant debt. They have a \$15 billion current account debt for 1990. They have an additional anticipated current account debt for 1991 of \$15 billion, an additional \$15 billion. This obviously means that the Saudi Arabians cannot afford a price that is a low price for oil. Now, I know that the Americans, through their influence on Saudi Arabia – possibly part of the moral debt that Saudi Arabia will repay to the Americans will be a not very high price. So we don't anticipate the price to go into the high \$20s or the low \$30s, but we do believe that it is in the best interests of the United States also to have a price that is in the low \$20 range, because they have a domestic energy policy that is incumbent upon maintaining a successful oil and gas industry in the United States.

So those are two reasons that we see a price in the range of \$22 to \$24. That's what's being anticipated by many, and our price, as the Provincial Treasurer has indicated, is around the \$23 level.

As a prospective, Mr. Speaker, the Member for Edmonton-Kingsway had conveniently moved over to the revenue side and indicated that the Provincial Treasurer was wrong so many times out of so many times. But the facts are that all we can do is pick a price, and then we can in our best judgment multiply that by the volume of oil that we believe will be sold by the province of Alberta through the producers and net back revenues to us. As the Provincial Treasurer pointed out in the budget, three out of the last four times we have been low on our estimate for crude oil. In fact, in the last 10 years the average real price for crude oil was \$24.77 U.S. per barrel for west Texas intermediate. For the 1990-91 fiscal year the price was about \$24.36. So any hon. member, including the one for Edmonton-Kingsway, should be able to see that the price that we used of \$21 for last year's budget is substantially lower than the actual price.

**4:40**

Mr. Speaker, on to other influences in our forecasting of price. One has to do with the current instability in the Persian Gulf at this particular time. We are seeing in Iraq significant civil strife that could conceivably lead to a major civil war in that region of the country. We have seen unrest in this part of the world for some 3,000 years, and I don't suppose there's anybody in this House that expects it to be resolved over the next 12 months. Obviously, the instability in the region is going to have an impact on price, and we believe that over the long term it's going to have an impact for a higher price for crude oil.

Secondly, Mr. Speaker, in our view there is going to be significant demand for crude oil worldwide in 1991, specifically because of the developing formerly centrally planned economies in eastern Europe. Many of those eastern European countries that are moving to a market based economy are going to want to have a vibrant economy, and it is going to be incumbent upon them to find crude oil to supply their needs to develop. Previously they have relied on the Soviet Union to provide that crude oil through their Friendship pipeline that moves from the Soviet Union down into eastern Europe. Production from the

Soviet Union has declined from about 12 million barrels in 1989 to just over 10 million barrels in 1990.

Now, that has two implications. One implication is that middle eastern European countries are not going to be able to rely on the Soviet Union to the extent that they have in the past. Secondly, because the Soviet Union is ratcheting down its level of production both domestically and in the export market, there is going to be a greater need for a call on crude oil to make up that difference. The Soviet Union has a significantly deteriorated infrastructure, and that's because government ran their industry there. They do not know how to repair the old infrastructure that they have there. They are looking to western countries such as Canada and the United States to assist them in that regard. Certainly right now one of the problems that they do have is currency, and no one is willing to take their currency in exchange for work done.

As I indicated, we do try and consult widely. We have had quite a range of recommendations on price, anywhere between \$25 and \$15. Certainly that doesn't make it any easier for us to pick a price. I did indicate publicly just recently, Mr. Speaker, that we had at Treasury Board three different prices. The Department of Energy recommended three different prices at different times to try and come up with a number for the budget. The first price was around \$27. We thought \$27 looked relatively reasonable given the fact that the price of oil was trading in the \$30s; that was in the late fall. As the war or the standoff continued in the Persian Gulf, we saw lower oil prices occur. We then went down to a price that was about \$25. Well, it became quite clear that that was not a reasonable price either, because again the price did deteriorate to a lower level, as we saw prices in the low \$16s. As I indicated, as the war ended in the Persian Gulf we saw a firming in price, and that gave us the confidence to pick a price that was in the \$23 range.

Now, Mr. Speaker, I said we do consult widely, but we are not foolish enough to consult with the opposition, because their record is abysmal. I recall that the Leader of the Official Opposition, the Member for Edmonton-Norwood, indicated that he thought the price would be around \$10. Well, fortunately, we do not consult with the New Democratic Party on energy prices. As a matter of fact, I don't think we consult with them on anything, and I think this is quite indicative of the reason.

So with regard to oil prices, Mr. Speaker, those are some of the aspects that resulted in the decision that landed us on about the \$23 price. I want to emphasize that because of the uncertainty, because of the anomaly of the war between Iraq and Kuwait and the joint forces' participation in that event, it was very difficult to pick a price, because we don't know how representative that event was in the overall scheme of things or what impact it's going to have on future prices. So we did go back 10 years and we looked at the historical, real price for oil on an average basis, and as I've indicated, it came out to \$24.77 for those 10 years.

There are a number of other issues at play, Mr. Speaker, and certainly with regard to synthetic crude oil or heavy crude oil, oil sands oil, we expect to see an increase in revenues from many of the oil sands projects that we are counting on to increase the decline in conventional crude oil with synthetic crude oil.

Specifically, Mr. Speaker, we expect to see Suncor increase production to 60,000 barrels a day from 52,000 barrels a day. This will result in an additional \$9 million. There will be another \$15 million from the Esso Cold Lake, Amoco Elk Point, and Shell Peace River projects that are coming on stream there. Certainly one of the major impacts on an increase in revenues from synthetic bitumen crude oil will be from the Syncrude



project. We expect to see about an additional \$90 million in revenue come from the Syncrude project, because they are moving into 50 percent of the deemed net profits. They are moving from a royalty position to a position where we will be getting a 50 percent payment of net profits, and that was after the last carryforward that was agreed to earlier on. Those really add up to between \$110 million and \$120 million of increased revenue on the synthetic crude oil and oil sands side.

Mr. Speaker, I'd like to speak a moment on natural gas because there have been some questions about the natural gas side of things. As I indicated in question period, there are three or four factors that have an implication on the value for natural gas production – that is, Crown production – for 1991-92. As I indicated in question period, and I'll go into a little bit more detail at this particular point, we expect to see incremental sales due to the expansion of the TransCanada PipeLines system in Canada and into the United States. We do not expect to see in this fiscal year any significant volumes of natural gas through the Iroquois system because it is under construction now. But because we are improving and expanding the system in Canada, there will be an opportunity to ship greater volumes to Quebec and Ontario as a result of the improvement of the system in the western part of the overall TransCanada system. We expect to see probably about 25 billion cubic feet of gas through the Iroquois system, which will be phased in starting November '91; the northern border system in the northeast, about 23 billion cubic feet. The Great Lakes expansion of the TCPL system will see about 67 billion cubic feet of gas. The Niagara import project – that's also a TransCanada expansion project – is about 16 billion cubic feet, and we expect to see an increase in demand in Alberta of about 35 billion cubic feet. Now, that adds up to about 165 billion to 170 billion cubic feet of additional sales of gas for 1991-92 over 1990-91.

4:50

Mr. Speaker, there are some additional reasons why we expect to see increased sales. The issue which was also raised in question period today had to do with the issue of the weather. We certainly are not in the business of forecasting weather, just prices, but we must look at long-term weather patterns to try and anticipate what winters bring, because winters have a very significant impact on the value of crude oil because of supply and demand for crude oil. If the weather is up, the volumes are down, and that has a lowering impact on oil prices where oil is used as a heating fuel primarily.

With regard to natural gas, the same situation occurs. I'm of the understanding, Mr. Speaker, that it was not until early in 1991 that the city of Toronto experienced their first frost. It is extremely unusual for southern Ontario to have unseasonably mild winters such as they had this year. That obviously meant that there was less of a demand for natural gas. That obviously makes it difficult in terms of our forecasting for natural gas prices, because we don't know whether next year's winter season will bring the same as this year or whether we'll have colder weather, as in the previous couple of years, than we did last year. But we must take that into account, and I would suggest that the unseasonably warm weather that we experienced on this continent would probably account for about \$80 million of lost revenue to the province because of these higher temperature patterns. The weather was between 15 and 17 percent warmer than in other years, so for that reason we have built into our projections that next year we'll revert to more normal patterns. Obviously, it's a very difficult issue to project, but it is part of our thinking.

Mr. Speaker, with regard to land sales, which was also an issue that was brought up in question period today, I noted with interest that the New Democratic Party is saying that land sales will go down. I don't agree with that; I think we will see an increase in land sales. The first quarter of this year has seen lower land sales, but I do believe they will pick up, and as I indicated to the Member for Calgary-Forest Lawn, we are anticipating having another land sale over and above the number that we have traditionally had in this province. Obviously, one more land sale will mean that we will have more revenue. Administratively, it is a very difficult matter to deal with, but at the same time we want to increase revenues to the government, and we certainly plan to do that.

I also indicated to the Member for Calgary-Forest Lawn that we are seeing a decline in the profile of freehold production to the province. That means that Crown production will be able to make up for the decline in freehold. That obviously will have an impact on higher volumes of Crown without increasing total sales. We expect also to see an increase in natural gas by-products; we expect to see an increase in '91-92. Prices in the early part of the 1990-91 fiscal year were unusually low. We did see concerns about higher propane prices, you'll recall, just recently, and that was because many consumers of propane were comparing it to the lower prices they were getting earlier in the year. Quite frankly, they were not representative of really what the market should bring. So we really saw an anomaly, and we have since then seen propane prices stabilized to a higher level.

Mr. Speaker, I also pointed out to the Member for Calgary-Forest Lawn that because we are going to be improving the TransCanada system and the intra-Alberta system in anticipation of the Iroquois project, which will deliver 700 million cubic feet a day additional gas volumes into the U.S. northeast, we will be able to process more gas. Now, by processing more gas today, that means plants will be at greater capacity for processing purposes, and by economies of scale the closer they are to capacity, the less your overall costs are for processing your gas. That has a very significant impact on our revenues, and certainly we see increased values for that particular reason.

We have some other adjustments that we're going to be making, minor ones in the overall scheme of things but that add up to \$10 million or \$20 million of additional revenue. That has to do with some of our experimental oil royalty programs, where we will be collecting royalty on natural gas in experimental schemes. By reducing in a minor way the royalty for oil and increasing it for natural gas, the kick-up and leverage we get will be very, very significant.

Mr. Speaker, those are some of the comments that I wanted to point out to hon. members which really deal with the issues that we're faced with in landing on an oil price for our provincial budget. There are many more international influences that I believe are going to have an impact which will lead to a price in the range that we have selected, but only time will tell. All we can do is pick a price, live with it, and do our best as good stewards of the provincial budget. Only time can tell. It could be that sometime in the foreseeable future – I'm sure it will be a frosty Friday – maybe the Member for Edmonton-Norwood will be writing his oil projections, but certainly they're not consistent with the ones that we see. If the hon. members in the opposition have some rationale for a price lower than we're seeing, for reasons other than what they seem to dream at night, we'd be more than pleased to entertain them. I've been Energy minister for two years; I have received no suggestions on oil prices from the opposition. All I've seen is criticism of the one we choose. I guess for those reasons they're in opposition.

Thank you very much.

MR. DEPUTY SPEAKER: The hon. Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Speaker. While I was interested that the Minister of Energy was anxious to get in on his estimates debate this afternoon, I presume he'll have some more to add when we get to the Energy department later on. I was also interested that in his overview he didn't mention coal. Perhaps, given that our Energy estimates are coming up later, he'll make a point of making a note to himself right now that when he gets back on his feet and has the opportunity to debate his budget estimates, he'll make a point of addressing the issue of coal.

The minister made a number of points in his discussion this afternoon. I think when it comes to pricing, probably the least helpful is a review of the past 10 years of oil prices. The world has changed a great deal in 10 years; it's not the world that it was. Going that far back in time doesn't, I think, help us, particularly at a time when there's a lot of uncertainty and where things are not what they were 10 years ago. The minister pointed out his view that energy markets are dictated more by OPEC and geopolitical considerations than they are by the free market. That was true I think 10 years ago much more so than it is today. Today the geopolitical considerations are important. Obviously, that's what prompted the Gulf war in the last several months; it stemmed from a fear that one country and one man would be able to control energy markets as a result of the crushing of Kuwait. I don't think we should forget that the Gulf war was all part of maintaining a low price regime and that that was a considerable factor in the decision to intervene and stop Iraq.

5:00

As a result of the war Saudi Arabia has pumped and is pumping considerably more oil. They've increased greatly their market share. Iraq no longer has any market share to speak of. Kuwait has been devastated as a result of the war, and heaven knows when they are going to recover. So as the minister quite rightly pointed out, Saudi Arabia is the critical player and around their decisions will a lot of the supply and demand pricing evolve and revolve.

The question is: how will Saudi Arabia pay for their war, their war damages, their war expenses, and how are they going to pay for the new arms they are lining up to purchase from America? Quite likely, as many analysts have said, in order to maintain their market share they are going to continue to pump more oil and will pump the oil it takes at the price it takes in order to maintain their market share. It's not so much the income they get from a high price; it's the income they get from market share and from volume that is also a consideration. So it may not necessarily be in Saudi Arabia's interest to keep energy prices high if it means giving up market share. It may mean that in order to pay for their war debts and their arms debts, it's in their interests to increase market share at a lower price. That's every bit as much a consideration as an expectation that they would want to see high prices. Obviously, if they could have high prices and a big market share, they would go for it, but it's not that kind of world anymore, which is my first point.

So I guess the question to the government is: why pick at the high end of the price range the estimates that are being made? You look at what private-sector companies are basing their budgets on and you have to ask the question: why is the

government out of step? The highest estimate I could find, albeit I may have missed one, was from IPAC, and the figure that was quoted in the newspaper was something in the order of \$22 a barrel. Others are taking a much more pessimistic view of the matter, and here the Alberta government seems to have chosen \$23. The only \$23 price I could see was the one contained in the federal Conservative budget. So if Michael Wilson says it's \$23 a barrel, maybe that has more weight with the Alberta government than the private-sector estimates that are public about this time.

So as the minister quite rightly said: time will tell. When it comes to any kind of prediction, time makes liars of most of us. Certainly when we were debating the price of oil contained in the minister's estimates a year ago, no one at that time stood in this place and predicted the invasion of Kuwait by Iraq and all of the subsequent events that have fallen from that. So the minister is right: time will tell. But certainly on the basis of the information we have today, \$23 is out of step with everything I've seen except for the estimate from Michael Wilson in the federal government.

There are other factors. Declining production is one that belies an increase in crude oil royalty. It seems that production in this province is dropping at somewhere between 5 and 7 percent per year, so carrying that factor into account, even with \$23 oil, it just reinforces for me that the estimate contained in the budget is unrealistic. The other factor that is predicted in the budget but I think is also unrealistic is the exchange rate for the Canadian dollar with the United States. I think the figure has been picked here at 84 cents, whereas consistently since the implementation of the free trade deal the Canadian government has maintained, including the use of high interest rates, the Canadian dollar at somewhere in the neighbourhood of 86 cents in comparison to the United States dollar. The trade deal has a lot more to do with high interest rates than anything else, and I believe it's because there is some agreement, written or unwritten, between the federal government and the United States government that Canada will not allow its dollar to trade much below 86 cents U.S. If that's the case, the government is wrong to pick 84 cents as the exchange benchmark. They would more properly use the figure 86 cents, and I know that would have a negative effect on the estimates of revenue contained in this budget. But of course this budget has nothing to do with these factors, Mr. Speaker.

Before I move on, I should also mention, if it hasn't come home to the government yet, that we're in a recession, not only in Canada, not only in North America but in the world as well. Certainly that has as big an impact on demand for energy, more so than almost anything else, but of course this budget is not about making realistic predictions based on the best information available. This budget is based on: what predictions can we make so that we can put down on paper that we've balanced the budget, and can we make some case for the figures we've placed on the paper? This budget is about a political consideration overriding to this government, and that is: how do we appear to be coming to grips with the fiscal difficulties of this province? Whether in fact they are coming to grips with the fiscal problems of the province is an entirely different question. This has more to do with image than it does with substance.

I've always been fond of saying that the budget is your ultimate policy document. In your budget is where you place your priorities, where you finally decide what is important and what isn't important. This budget, Mr. Speaker, is this government's policy direction for the coming year. Not only is it about upside-down priorities, in my view, but it's about a government

that has now adopted as its policy the peddling of unrealistic and optimistic revenue estimates. It's also a policy of this government to ignore uncomfortable realities and to postpone critical decisions. That's what this policy document tabled last week by the Provincial Treasurer is all about.

**5:10**

As for the examples I'd like to give, the one that really stands out for me is: where is the budget in these estimates for paying out on loan guarantees? You know, the Provincial Treasurer, just the week before he brought in his budget, tabled the public accounts, and accompanying them was the Auditor General's report for the year ended over a year ago. The Auditor General's report had some scathing things to say about "the government's increasing use of guarantees and indemnities without improved legislative control and appropriate accounting." Those were his words, Mr. Speaker. This is what he tells us: "in . . . five years, borrowings by non-government entities guaranteed by the government have increased fourfold." Five years ago the outstanding liability was \$500 million. As of March 1990 that figure had risen to \$2,100,000,000. But here's the kicker. In that year the payments the government of Alberta had to pay out in order to cover these loans and these indemnities and these guarantees that had gone bad – in 1989-90 they had to fork over \$115 million. That is in the order of 5.5 percent. If you have liabilities of \$2.1 billion and you have to pay out \$115 million on them, you're paying out on a ratio of about 5.5 percent.

So if we use that as a benchmark, Mr. Speaker, and open our budget books to page 42, we see that this government has now undertaken liabilities of guarantees of somewhere in the order of \$3,240,000,000. Now, if we assume that the same payout is going to occur as has in the past and apply a 5.5 percent – it would seem to me, based on your experience, based on your track record, that it would be just prudent to apply a ratio that 5.5 percent of these are going to be implemented and paid out in this budget year. I'm giving the government the benefit of the doubt here, because this ratio has grown over the years, but just using that as a benchmark figure, during this fiscal year something in the order of \$177 million is going to be forced to be paid out on these guarantees that have gone bad. It would seem only prudent to me as a Provincial Treasurer to factor into my estimates that I'm going to have to pay out something. Not 100 percent of them are going to be good for an entire fiscal year; I'm going to have to pay out something. It would have been prudent to budget for \$177 million or closer to \$200 million for guarantees that would have to be implemented.

Then, of course, there's the whole question of NovAtel. In the last fiscal year, back in January of 1991, cabinet authorized that loan guarantee for NovAtel to grow to \$575 million and a \$125 million authorization for direct borrowing for NovAtel. That's a \$700 million liability. If anybody looks at what's been happening in that company throughout the last six months of 1990 when they were losing \$30 million a month, it would seem to me prudent to incorporate somewhere in your budget some estimate of what's going to have to be written off as losses in that company for the coming fiscal year. But nothing is done, nothing is said, because of course this budget is not about prudence or making good budgeting decisions. This document is entirely about a political agenda and a political message. Whether that message has any relation to reality or not is of no concern to this government.

We also see in the budget, Mr. Speaker, that the government is budgeting for another \$200 million and some in revenue from

the Heritage Savings Trust Fund. Now, on one hand the government budgets for a reduction in interest rates. They lower the amount of estimated costs because of lower interest rates, but then when you come to the assets that are earning revenues for the government in the form of the Heritage Savings Trust Fund, most of which are in interest bearing kinds of securities, all of a sudden they're budgeting a big increase. Now, what does that mean? It means that the government is daydreaming or into the business of wishful thinking perhaps, or they may be in the business of selling more Telus shares this coming year. Perhaps what they want to do is dump more Telus shares onto the market. That's perhaps part of it, but of course when you sell a capital asset, much of that has to be retained in the fund. The net profit on the sale could be transferred, but I don't see the government . . . Perhaps they're expecting to get all of the increased revenue from the profits and the sale of all of its outstanding shares in Telus, but I don't see how that can be accounted for by a \$200 million increase when the figure that was contained last year on which that estimate is based already accounts for big increases as a result of the sale of Telus shares in the last fiscal year. So in short, Mr. Speaker, if the government sells all of its Telus shares, all it could do, in my view, is keep its income from the Heritage Savings Trust Fund at what it received last year from the sale of Telus shares. It would be unrealistic for them to budget for an increase.

This government has now decided that they're going to raid some of those little stashes of money that have been secreted away in various corners and growing over the past few years. In particular I note the lottery funds. This government has decided to take something that has been accumulating over the course of many years and apply it to this year's budget in order to make it balance. I'm wondering, if this is now its policy, why this government does not go to Vencap and seek the \$200 million that's stashed away over at Vencap that isn't really being managed very well. If they took back a \$200 million loan to Vencap and put it in the Heritage Savings Trust Fund and did nothing else with it but invest it in government of Canada T-bills, they could get at least \$15 million. If they were even more imaginative than that, they could get \$20 million per year income from Vencap's loan if they were to recover it. There's where they could make a realistic prediction of increased revenues to the fund.

[Mr. Speaker in the Chair]

But the gravest oversight of this government, Mr. Speaker, is to continue to ignore the mounting pension liabilities that are accruing to this government. Each and every year that this government fails to deal with that problem, the unfunded pension liability gets worse and worse and worse. If we look what the province of Ontario was finally moved to do a year or two ago in order to address their growing pension liability, they were forced to spend something like a quarter of a billion dollars. That's a commitment that they're now going to have to make over the next 10 or 20 years, if memory serves me correctly, in order to deal with their pension liability. At least they were coming to grips with it and took the action required to deal with it in a proper way.

**5:20**

What this government continually does is allow the liabilities to grow on its books, to increase year after year, and fails to budget properly for the kinds of contributions that ought to be put into those pensions each and every year to freeze that

liability and eventually to decrease it. Every year that they continue to ignore that problem, it just gets worse. It means that when there finally comes a time that it can't be ignored and has to be dealt with, it's going to be an incredibly expensive proposition. It's like the person who leaves the roof and keeps it from being fixed for another year, just ignores it until it finally comes to the point that he's left it so long and there are so many holes in the roof and it's leaking so badly that the whole structure, the whole house has been badly damaged, when if he had only taken action early on when it was required and dealt with the problem when it needed fixing, he could have saved the roof and the house and saved a lot of money over the long run. So if this government were only to take the proper action now, it would be better for the long term. The longer they leave the problem to fester, the greater it's going to be when they finally have no choice but they have to face it and deal with it. At that point it's going to be a crisis and a very expensive one to fix.

I'm sorry that this government has failed to properly budget in its estimates for the true cost of dealing with the pension liability, but then of course this budget, as I said, is not about prudent financing or stewardly financing. It's about a political agenda and it's about ignoring uncomfortable decisions and difficult situations. Particularly when it comes to the pension liabilities, this government is putting its head in the sand and postponing the day of reckoning, but make no mistake: that day of reckoning is going to come in no uncertain terms. When it does, it's going to be a very expensive proposition to deal with the pension issue.

Mr. Speaker, I'm also concerned about the declining support contained in this budget for the farming community. As most members of this Assembly know, rural Alberta and rural Canada are in a very difficult state of decline, with the loss of market income for agricultural products to the point, I was told last week, that something like 60 percent of all farm families in Alberta depend on off-farm income. Yet we see a government that as a part of the process of cutting its expenditures has targeted the farm sector with declines in price supports for fuel. We see the abandonment of the farm fertilizer program, and it comes at a time when many if not most of the farm units in this

province, the family farm, are really at the edge. These kinds of marginal increases in costs can have a devastating effect for a lot of families, because it means the difference between just getting by through this very difficult time and being forced into receivership or into bankruptcy. It attacks a lot of families, a lot of people in the rural parts of the province at a time when they really have no cushion to fall back on. Dependence on government programs to make the difference between making it and not making it is great, and by eliminating those programs it's going to put a lot of people, a lot of families, into an extremely difficult situation. No matter how you cut it, those decisions in this budget are not going to be well received and are not going to be well supported, and I'm very concerned about them.

Mr. Speaker, given the hour, I would beg leave to adjourn debate.

MR. SPEAKER: Having heard the motion, those in favour, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no. Carried.  
Government House Leader.

MR. HORSMAN: Mr. Speaker, it's proposed this evening in Committee of Supply to deal with the estimates of the Attorney General's department. I therefore move that when the members assemble this evening, they do so in Committee of Supply until such time as the Committee of Supply rises and reports.

MR. SPEAKER: Having heard the motion, those in favour, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no. The motion carries.

[The Assembly adjourned at 5:27 p.m.]