

## Legislative Assembly of Alberta

Title: **Thursday, April 18, 1991**

**8:00 p.m.**

Date: 91/04/18

head: **Committee of Supply**

[Mr. Schumacher in the Chair]

MR. CHAIRMAN: Order in the committee, please. It being 8 o'clock, the Committee of Supply will come to order.

head: **Main Estimates 1991-92**

### **Economic Development and Trade**

MR. CHAIRMAN: The Chair would invite the Minister of Economic Development and Trade to introduce these estimates.

MR. ELZINGA: Thank you very much, Mr. Chairman. As you'll all notice, I've got my little button on here telling everybody how much I love my job. I was tempted for a moment there, recognizing what we've been through the last few days, to wear my hockey helmet, my jock strap, and to lock my drawers. That's so appropriate, especially the locking of the drawers, for some opposition members of the Legislative Assembly.

I wanted everybody to know how much I love the opportunity to make sure that we do have economic diversification and economic growth within the province of Alberta. To highlight that, I'm going to go through a number of general thoughts as it relates to the budget, our own portfolio, and the economic well-being of the province as a whole, highlight a few of the diversification initiatives that we have been involved in, deal a moment with our loan guarantees so that we can set the record straight as to what an important role they have played in the diversification of the province, highlight some of the \$20 billion-odd worth of projects that are taking place in the province of Alberta, and then close on a few specific items that are dealt with in our budgetary estimates.

Mr. Chairman, there is just no denying that we in Canada and in Alberta are going through challenging times, but we as a provincial government are proud as to how we have met that challenge. If you look at our record, and we have to go back a few years to examine that record, when you and I entered this Legislative Assembly in 1986, we had a budgetary deficit in excess of some \$3.5 billion, all because of the loss in oil revenue. Compare that to what is taking place now: we have a confident Alberta, the economy is growing, and people are happy with the opportunity to have a job. We're the leading province as it relates to economic growth. The projections by the leading financial institutions are such that we're going to continue with that economic growth. We've got one of the finest educated populations any place in the world; we've got one of the youngest populations, whereby slightly in excess of 50 percent of our population is under the age of 30: all contributing to the dynamic nature of this great province of ours. In addition to that, we're blessed with a superb base of natural resources, and we're doing our level best to husband them through areas such as our heritage trust fund, whereby we have offered direct support to the agricultural and the small business communities.

Just dealing for a moment with the small business community, which we work with on a regular basis, we salute the contribution that they have made to our economy. Of the companies within this province 97 percent are small business, and they contribute some 80 percent of the private-sector employment within the province of Alberta. Some 130,000 individuals are

involved with their own small businesses, and in the past six years 60 percent of the Alberta jobs that were created were created by the small business sector. It's innovative; it's the cornerstone of our diversification. I just throw those figures out so that we're all aware as it relates to the importance of the small business community, because we within our department are honoured to have an opportunity to work so closely with them. We work on a yearly basis with a clientele of some 35,000 people.

Just a few trends that we see emerging within the small business community, trends that are encouraging. We see a greater participation now of the female sex in the small business community, and quite frankly they have proven more successful than men because they're more detailed. Secondly, there is a trend towards the establishment of business institutions outside of our major urban areas, because there is a greater reliability as it relates to employment forces. We see greater opportunities also developing with the offshoot of the forestry, the petrochemicals, and the advanced technologies, and the tourism sectors for our small business community, and we look forward to working hand in hand with them.

We've also continued within the department and within the government to place emphasis on trade, recognizing that for every billion dollars worth of trade there is the creation of some 19,000 jobs within this province. That is why, as I've indicated before, we are very supportive of the U.S. free trade agreement. It is encouraging to see that in the two-year reports as it relates to Canada and specifically as it relates to the province of Alberta, it has had a net positive impact on this province and on our country, contrary to what some of the socialists might say. In addition to that, we've placed a great emphasis on the Asian market, and we recognize that there are going to be enormous opportunities as it relates to Europe 1997. We placed that threefold thrust in place. We acknowledge that we have had some budgetary reductions within that sector in our department, but we feel that we can continue to work very closely with our business community in ensuring that we do have access to markets other than our own.

Just as it relates to our budget, I'm proud to be associated with the budget that the Provincial Treasurer brought down, because if one examines what has taken place in the last five years, decisive action has been required by this government. I acknowledge that there is some concern as it relates to the tax competitiveness in our corporate structure, but decisive action has been taken in that we've been able to maintain a competitive tax structure within the province of Alberta. The small business community has the lowest taxation rate of any province in Canada. Our expenditure control is the best of any government in Canada, averaging some 1.9 percent over the last five years. Our economy: again the best in Canada. Our real growth continues in this province.

At the same time, we can bring down a balanced budget so that we will not leave a legacy of debt as a number of the other parties are advocating. On a consistent basis in question period we have the New Democratic Party asking for continued spending. We noticed it today from the Member for Vegreville, whereby that party advocates a freeze on capital projects, and out of the other side of their mouth they're asking the Minister of Health for a new hospital: the hypocrisy that we see on a consistent basis from individuals across the way. But we recognize, Mr. Chairman, the obligation that we have to provide a stable future, jobs for our young people, and we're going to work very closely to make sure that does become a reality.

Just a few other strengths that are worth highlighting: on a per capita basis we've got the greatest investment within this province. I'm going to refer to our project list in a minute. In 1990 we had some 18,000 new businesses established within this province, our manufacturing shipments rose by 7.1 percent, our exports increased, and as I indicated earlier, too, over the last number of years we have seen an increase of some 102,000 jobs within the province of Alberta.

If you'll allow me, I'm just going to shift for a moment. I'm going to come back to it in a moment. But let's deal with our loan guarantees. We have the opportunity to deal with them now in a more detailed way than the tradition in question period. I want to highlight for hon. members the budgetary documentation that was put before you when our Provincial Treasurer brought forward his budget, whereby we indicated the loan guarantees that spur economic development. We indicated that we have total outstanding loan guarantees as of January 15, 1991, of some \$3.5 billion. We've indicated it for everybody to know. We've involved ourselves with in excess of 60,000 participants. We've involved ourselves with farm credit. We've involved ourselves with interest shielding for the small business community, the Agricultural Development Corporation, the Alberta Opportunity Company, student loans, and we've had a very small failure rate.

I'm delighted that hon. members opposite on a consistent basis raise the occasional failure that we have had, because it allows me in this Legislative Assembly to highlight the strength of our economic well-being within the province of Alberta. I can't thank hon. members often enough for raising it on a consistent basis so that we can, on just as consistent a basis, raise the strengths of this province and the contribution that we have made through our involvement with the forestry sector, the high-technology sector, whether it be the some 1,200-odd companies that I had the opportunity to table the brochure on today or the 50,000 jobs that have been created in the high-tech sector.

#### 8:10

We recognize that there is risk involved, but what hon. members are advocating is that we put these people on welfare. They suggest we put them on welfare and not involve ourselves in job creation. They raise Gainers. I'd like them to talk to their own colleague the mayor of the city of Edmonton, who has indicated to us that we should stay involved so that we can continue to provide those jobs for those individuals who are employed at Gainers. That's our concern. We've also talked to the union as it relates to Northern Steel. We want to create jobs, Mr. Chairman. We acknowledge that the opposition - I shouldn't classify the Liberals in that, because they are much more reasonable. But the New Democratic Party wants to see the Alberta population on welfare so that they can dole out their pokey cheques. We want to see people within this province working so that we can have a strong, strong economy.

I want to say one word, and only one word, as it relates to the constitutional discussion paper that my colleague the Minister of Federal and Intergovernmental Affairs has released, plus he as chairman is involved in putting together a paper by receiving input from Albertans. You know, there's going to come some good out of this. There's going to come enormous good out of this, whereby we re-examine the type of Alberta and the type of Canada that we want. The reason I say that is because if we examine the government that exists today, quite frankly, ladies and gentlemen, we cannot afford the government that we have. What is happening? One only has to examine the state of California. The state of California has a population comparable

to all of Canada, yet they have a government comparable to the province of Quebec. I contend that we've got to go through a re-examination process as it relates to overlap, whether it be our school boards or municipalities or the federal government or the provincial government, whereby we reduce that overlap, because quite frankly people are getting sick and tired of governments at all levels having their hands in their pockets. That's why I am proud to be part of a government that has introduced a balanced budget, contrary to the thoughts that have been advocated opposite, whereby we should be spending more money.

Mr. Chairman, as we look to the future, it's important that we highlight some of the past also. As I've mentioned, we've got the best economy in Canada. Diversification in this province is a reality. It's the best place to invest, and the investors recognize that, whereby we have the highest investment on a per capita basis. We've got the most responsible fiscal management of any government in Canada. We've increased spending to those social areas of health and education and environment, which we're happy to contribute to. Our employment growth is enormous. But, more importantly, economic diversification is a fact within this province. If we look at tourism and tourism revenues, which my dear friend from Wetaskiwin is responsible for, those revenues have tripled since the late 1970s. They've tripled because of the involvement of individuals like my colleague from Wetaskiwin. Advanced technology: as I indicated, now we have some 1,200 companies involved, and they're employing some 50,000 people. Manufacturing: manufacturing shipments were \$7.4 billion in 1978; now they total in excess of \$18.6 billion.

Mr. Chairman, it's important that we highlight what is taking place in this great province of Alberta. We're going to make sure that we maintain a competitive tax structure for the private sector. We're going to make sure that we maintain the superb educational and health care facilities that we have. We're going to further involve ourselves, as we just did in the recent announcement by the hon. Minister of the Environment, in protecting our environment. We're also going to make sure that we place a greater emphasis on the manufacturing sector.

Just coming back for a moment, too, to some of our support for individuals throughout the province of Alberta, I was proud to be part of the business initiatives for Alberta communities. We have contributed substantially to those small communities in the province of Alberta so that they could develop their own economic business plans. I was also proud to be part of the Alberta small business interest shielding program, a program that if the New Democratic Party had their way, they would do away with. But it has helped in excess of 20,000 small businesses throughout the province of Alberta, whereby they could maintain their competitive advantage. We've got another program, the Alberta capital loan guarantee program, which has helped in excess of 600 people.

The reason I highlight especially the interest shielding and the capital loan programs is because members opposite suggest that our occasional failure has resulted in a loss. Well, I contend that even though there are some dollars lost, it is not an overall loss as it relates to the economic well-being of our province, because as I said earlier, I would rather have these individuals working in meaningful employment than being doled out welfare such as the hon. members suggest. They've highlighted some 31 supposed failures of an involvement in excess of 60,000; I'm going to highlight a bunch of good news stories that have taken place within the province. But, again, we've been involved with in excess of 60,000 opportunities to be supportive of the farmers,

the small businesspeople, our students, and the success rate varies anywhere from 95 to 97 percent.

Just as an aside, I met with Bank of Nova Scotia officials this morning, with the Minister of Energy, and they said that we could be proud of our success rate in that venture capitalists lose in the vicinity of in excess of 50 percent. They themselves, when they went through the depressionary period, had losses comparable to or greater than ourselves. But what we've done is created in excess of 102,000 jobs. I know the hon. member doesn't care about jobs, but we happen to care about jobs, and we happen to care about the diversification of this province. We're the strongest in North America: we've got the highest investment per capita, exports are increasing, manufacturing is rising, and diversification is taking place. And this is not the Alberta government speaking; this is the Conference Board, investment dealers, a number of the banks, the University of Alberta, and Canada Mortgage and Housing. Mr. Chairman, what's taking place in this province is not an accident; it was because of the determination and the willingness on our behalf to take risks, rather than sit timidly on the sidelines as the New Democratic Party is suggesting.

Now, they've highlighted a number of companies that they're concerned with, and there is no denying that there are going to be some financial failures when we have involved ourselves with some 60,000-odd individuals in the province of Alberta. I would share with those of you here in the Legislative Assembly that if I were still going to school, I'd be very happy with a 95 percent average, and that's the average that this government has. I'm sure the hon. member opposite never got those kinds of grades. I got close to them, but I was never quite there.

Mr. Chairman, I tabled with the Legislative Assembly a superb booklet put out by TRT again highlighting high-tech companies. We've just distributed an update as it relates to major development projects within the province of Alberta totaling in excess of \$20 billion. I just recently met also with the Shell company of Canada that's involved in the Caroline project, a billion dollar project that's going to have great spin-off benefits to central Alberta. We're delighted that we can see this economic growth within this province of ours, but why we are delighted is because we see it on a daily basis: the young people in our gallery and the pages that are here with us, their concern as it relates to their own livelihood and the future. I have three young sons of my own, as I know many members have children. What we're doing is laying the platform, laying the base so that they don't need to be frightened as it relates to their future, so that they will have meaningful employment as they start to develop families of their own.

I want to just highlight – and I'm going to go through very quickly. Just prior to doing so, you know, it's interesting: the New Democratic Party released some of the information that was removed from my desk to the media. There was a listing of the companies, and they had highlighted one. I pointed out to the media that there was one other one also where we had suffered losses, but all the other ones – all the other ones – had been discharged or were in good condition.

AN HON. MEMBER: You mean this is misleading?

MR. ELZINGA: Absolutely. Absolutely. Shameful.

I'm going to go through a few companies which we've had export loan guarantees with. There are provisions within the Standing Orders that I have to exercise some discretion, because I am bound by commercial confidentiality whether we like it or not. It indicates it right in the Standing Orders. For the benefit

of the hon. member, all he has to do is look up the Standing Orders, and he'll see where they are.

8:20

Adco Power in Edmonton: we involved ourselves with an export loan guarantee with them. They're doing well. They've created some 20 to 25 jobs. Amtek Testware, also in Edmonton, the creation of some 58 jobs with an export loan guarantee; the European Cheesecake Factory in my constituency of Sherwood Park, some 40 jobs; La Crete Sawmills, 70 jobs; P.M.L. Exhibit Services in Calgary, another 15 jobs; Solid Waste Systems in Airdrie, another part of our diversification so that the smaller communities can participate, some 20 jobs.

MR. TAYLOR: What's the cost per job?

MR. ELZINGA: Hon. member, the export loan guarantee pays a dividend in that there was a fee charged for it anywhere from one-half to one-third percent. We have put out some 261 export loan guarantees; some 171 have expired. I admit, for 14 there was a payout on behalf of this government but, doggone it, a very small ratio. We rely on the financial institutions to do the financial accounting, because we only backstop 85 percent of that loan, whereby the banks themselves are exposed.

More success stories: the Alberta Stock Exchange, which we supported so that they could prove to be a very important economic component of the province; Delta Catalytic, again creating jobs in the province of Alberta. Draco was in severe financial difficulty. We offered them support. Now they're a successful company. Edo (Canada), providing again meaningful jobs for all Albertans. A fine example – and my colleague in whose constituency this falls is not here – is the new Noble Services in Nobleford and the continuation of some 110 jobs in this small community, which is very, very important. Look at our forestry sector: Alberta Energy, some 367 jobs; Atlas Lumber, 75 jobs; Coulter Radiator in Calgary, 42 jobs. I can go through a list that's endless, creating job opportunities.

Notwithstanding that fact, Mr. Chairman, what we have done: because the economy has improved so, so much, we're pulling back. I would ask the hon. members to suggest any new companies that I have involved myself in. I throw that challenge out to the hon. Member for Edmonton-Kingsway: if he can suggest any new companies that I have involved myself with in offering loan guarantees. I would offer him that challenge, because we recognize that the economy has improved to the degree that it's time for us to pull back, and we have pulled back substantially over the last number of years. We've pulled back, because we recognize that when the economy is doing well, it's time for governments to pull back; when it's not doing well, we've got an obligation to create jobs and inject ourselves so that the citizenry of this province do not have to suffer the humiliation of going without a job.

So with those few general comments let me get down to some specific items within our budget. Mr. Chairman, we're going to continue to work hand in hand with business, industry, and community leaders in the province of Alberta. Our past efforts, as I have highlighted, have proven to be very successful when making sure that we are diversified within the province of Alberta. I've indicated to you, too, the jobs, as my colleague the Provincial Treasurer has also indicated. Our department has contributed also, and I must share with you that it's been a painful process. We have individuals within the gallery at this time who have played such an important role in the economic development of the province of Alberta. They've also played

a very important role as it related to a very painful project that we just went through, and that was the reduction of our own budgetary estimates. We had a reduction of some 14.8 percent within our own department. Notwithstanding that fact, we've also brought forward a number of new programs. I take this opportunity to salute the dedication of the individuals that are here with me this evening for performing just so admirably under very difficult circumstances as we do wrestle with balancing our budget. I thank you folks very much who are with me in the gallery today.

Dealing with the estimates, there is a reduction within the interest shielding program. Because of the reduction in interest rates, we're not going to continue with that program.

What I would like to deal with, too, are some added expenditures within our budget, notwithstanding the fact that we do have a reduction of 14.8 percent. I had the opportunity on Monday to participate with my dear friend and colleague the Minister of the Environment in an Action on Waste announcement. He has a number of announcements coming forward over the next while. We announced our \$6 million of new contributions. He has a very important component. We have a small component of some \$2 million, which is new funding within our budgetary estimates, that is going to help with industry development and marketing studies.

We've also involved ourselves with a pilot program for the disabled, whereby we do recognize that there are greater difficulties for those within our society who are disabled in finding funding to establish themselves or to expand their businesses. I wish the New Democratic Party would comment on that, because knowing their stand as it relates to our loans and our loan guarantees, they'd better go on record against this one also to ensure some consistency on their part. But we recognize our obligation, and we have committed funding to the disabled so that they can start or expand new businesses.

We've also, to a greater degree, placed more emphasis on investment matching. It's the first complete year in which we've involved ourselves. I again pay tribute to individuals within our department for trying to draw together those who are interested in investing with those who do require equity funding. We're going to do that more so, whereby we provide a matching service rather than direct involvement by ourselves.

We've been very successful, too, as I mentioned, with our BIAC program, and again I pay a tribute to the individuals within our department for working so closely with those small communities and helping them develop individual economic development programs of their own.

We are continuing with our strong commitment, the strongest commitment of any provincial government in Canada, to those who are less fortunate than ourselves, and I refer directly to our Alberta Agency for International Development. We've continued with our consistent commitment. Notwithstanding the budgetary process, this area has not been cut since I've assumed this portfolio, because we recognize that we do have an international obligation, even though other provinces don't. I hope to have an announcement on Monday, whereby my colleague the hon. member who is the chairman of our caucus committee on economic affairs and myself are going to participate in the announcement of additional funding for those in the Persian Gulf and the Kurdish people, who are going through such a disastrous time. We're going to make sure, as Albertans are there today, that we as an Alberta government are also going to be there to offer aid to those less fortunate than ourselves.

Mr. Chairman, notwithstanding the fact that we are going to, as I indicated earlier, have a 14.8 percent budgetary reduction

with our own estimates, we feel that we can continue to contribute substantially to the economic growth of the province of Alberta. I again salute the hard work of those individuals who are involved within our department. I can't say enough good things about them. I've had the delight of working with them over the last two years, and it truly is an honour to work with such a dedicated group of Albertans, a group dedicated to other individual Albertans so that we can continue with that strong economic growth that we have seen take place in the province of Alberta.

So with those few thoughts I'm going to . . .

MR. BRUSEKER: Point of order, Mr. Chairman.

MR. CHAIRMAN: The hon. Member for Calgary-North West is rising on a point of order.

MR. BRUSEKER: Under *Beauchesne* 42 I wonder if the minister would permit a question?

MR. ELZINGA: Mr. Chairman, I'm amazed at the hon. member. That's what this process is all about. He's going to have all kinds of opportunities to put questions, and I hope he will use those opportunities, rather than swallow up his time with simply a presentation. I look forward to his ideas and his questions. The estimates in Committee of Supply is a process whereby he has lots of opportunity. That's why I'm here. I look forward to all kinds of questions from the hon. member, but I would hope, too, that hon. members . . .

MR. TAYLOR: Why don't you just say no?

MR. ELZINGA: Because the answer is yes. But I would hope the hon. member would also indicate some party positions of his own, because far too often – the hon. member included, and we've pointed it out on a number of occasions – they straddle both sides of the fence to attempt to gain some political appeal. I agree that that's the opportunity of being in opposition, but I'm going to throw some questions back to the hon. members so that I can find out where those rascals in the Liberal and New Democratic parties stand on a number of these issues. The truth of it is, notwithstanding the fact that his leader waves his wallet around on a consistent basis, they're suggesting to us that we should be spending more money. More money. That's all we hear from hon. members: more money.

With those few thoughts I look forward to doing my level best to respond to whatever questions or concerns there might be within the Legislative Assembly, and I leave hon. members the commitment, too, that in the event I don't have the specifics they might raise, we shall get back to them.

Thank you, sir.

8:30

MR. CHAIRMAN: The hon. Member for Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Chairman. I always enjoy the minister's presentations. This is the minister whose real name is Everything Is Wonderful. Isn't it a wonderful world we live in? Isn't Alberta just the best of everything? Nothing wrong in Alberta. There are no problems. Is there anybody in Alberta unemployed? I don't think there could possibly be after listening to that.

Before I get into my comments in more detail I do want to congratulate the minister on his commitment to helping the

Kurds. This is a problem that all of us, I think, can agree is a very, very severe one. I do wish he had come up with a number and specified just how much he's going to give them. Certainly they're in dire need, and we all support that. Before I get into my other comments, I just wanted to make sure I didn't forget that one, so I wanted to start with it.

You know, everything is wonderful, isn't it? This government . . . [interjections] I trust this noise doesn't count as part of my time.

The minister starts off by saying that in 1986, when this particular government was formed, things were really tough. We lost 3 and a half billion dollars. In fact it was 3 and a half billion in oil revenues. The deficit was really \$4 billion that year. The next year it was \$1.4 billion, and the next three years running it's been over \$2 billion. It was last year, and it will be not too far from that this year even though the Treasurer said that we will have a balanced budget. Sheer nonsense. You've done nothing to break the systemic \$2 billion deficit difference between revenues and expenditures in this province.

We have a \$10 billion deficit by the public accounts as of March 31, 1990, and last year, if you look on page 38 instead of on the pages the Treasurer would like you to look at to see what last year's deficit was and know how to read the books, there was a \$2 billion deficit. This province is in a lot of trouble. That's a \$12 billion debt, the equivalent of the financial assets of the heritage trust fund. What it took 10 years to build with all the oil money we had in this province this government has squandered in five years.

AN HON. MEMBER: And you want us to spend more.

MR. McEACHERN: No, I didn't say that. But the minister continues to gloss over those points and make out that everything is wonderful when in fact it's not. There's a lot of trouble in this province.

As far as that big deficit in the 1986 year, the government has some responsibility for that, I might point out. That was the year you deregulated the gas and oil industry. So we ended up with \$8 a barrel oil, and guess what? We end up losing 3 and a half billion dollars in oil revenues. So the government has some responsibility for the economic problems of this province.

Now, it is true that the government has involved itself in the economy in a number of ways. Some of those programs have not been so bad; some of them have not been so good. There's some give and take in that. I'll just run through a few of them. For one thing, the free trade agreement, which he says was so great – and I'll talk about it more later but will just start off by saying that the government never brought in one study to show that free trade would be good for this province. The minister got up a minute ago and claimed that it has been good for us. Where are the numbers to prove it? He's got to put them out and show us why and how it's been good for Alberta.

MR. FISCHER: Talk to business and find out.

MR. McEACHERN: Don't worry. I've been talking to businesses. Lots of businesses are now willing to talk to us because they know that we've got a good chance of forming the next government.

Before I get to that, let's look at some of the other programs. Vencap has not exactly been a great success. It has only invested in some 30 companies in – what is it? – the six years it's been in existence. They returned 2.8 percent to the heritage

trust fund last year. How is the government going to get its 1 and a half billion dollars in revenues that it claims it's going to get on the heritage trust fund next year out of that kind of a return? How, at the same time, are they only going to pay \$1 billion on a deficit of \$12 billion? I mean, clearly the Treasurer doesn't know what he's doing, or he's just taking the people of Alberta for a ride with his figures.

Some of the other companies. Alberta Opportunity Company: I challenge the minister to show me the failure rate in the Alberta Opportunity Company; every year we put a lot more money into that company. The farm credit stability program may be no better, except that we never get to see the books, because it goes through the banks and we never know. It's never recorded in a way that we can tell. The Agricultural Development Corporation: we subsidize it heavily every year. Alberta Mortgage and Housing Corporation: we subsidize it every year, and even so they're still carrying incredible debts on their books.

The export loan guarantee program. My quarrel, and I want to make this very clear, is not particularly with that program; my quarrel is with the minister for not leveling with us as to who gets the money. He says that he has to have, you know, client confidentiality, but even after the numbers come out in the public accounts a year to two years later, you still can't match up the dollars with the names because he won't give them. That's my problem with that program. It's not a bad program in itself.

The Alberta stock savings plan. The Treasurer made a really truthful statement in the debate on setting up the Alberta stock savings plan. [some applause] Don't clap, because it's a really interesting statement. I was suggesting that we might change some of the terms of the Alberta stock savings plan so that we might encourage diversification of the economy in the rural areas of Alberta or in new industries. The Treasurer said: oh, no, that would be a terrible thing to do; it would mean that the government will be picking winners. Well, I tell you, is this government ever terrible at picking winners. So I guess if that's what it would have done . . . My point wasn't, of course, to try to get the government picking winners; it was to set up a program that people could apply to and that would be out of the hands of the government and handled by experts in the field. If people qualified, then they would, of course, be able to access the program.

This government is now getting desperate about their budget deficit, this \$2 billion deficit that they can't narrow down, and they're starting to go to deregulation and privatization. Boy, is that going to cost this province a bundle and give the workers a good kick in the pants.

You know, Mr. Chairman, the ad hoc program of this government is a really serious problem, and I intend to get into that in some more detail in a minute. I'm going to follow that by talking a little bit also about policy directions and a number of initiatives that I think the government should be taking as opposed to the policy direction they're taking.

I just want to say about the estimates first that really they're very uninteresting. I mean, there's some \$71 million expenditure this year compared to \$87 million last year and so darn little information in the papers that it's really hardly worth looking at. You really don't know what this government is doing by looking at those numbers and what words are on the pages.

MR. ELZINGA: I thought you had my briefing book.

MR. McEACHERN: Oh, I'll talk about that in a minute. Yes. Let me finish this first. [interjections] I'll get back to that. Don't get your knickers in a twist.

The one thing that I want to ask the minister directed to the budget is to look in the budget speech book and tell me why it says that we're only going to spend \$50 million in Economic Development and Trade as opposed to the \$71 million in the estimates. Then I want to get on to some of these more important things.

Now, about the briefing book. What this minister should know is that that briefing book was given to us about two years ago. We've used it off and on through the couple of years, and you didn't even know. None of us took it from your desk, I assure you. Okay?

Now, I want to get to the ad hoc funding program and spend a little bit of time on it. Back in October the Leader of the Official Opposition put out a document on some of these loans and loan guarantee programs and showed that a number of companies were having economic difficulties and that the government was on the hook and that it probably lost something in the neighbourhood of \$250 million. I'll just read a few of the companies mentioned: Myrias corporation, \$20 million; General Systems Research, \$31 million; NovAtel, \$21 million. Isn't that funny; somehow it's changed since then. It's now over \$200 million, so I guess that number at the bottom should change to approximately \$400 million.

8:40

#### Point of Order Relevance

MR. ELZINGA: Point of order, Mr. Chairman. This has nothing to do with my budgetary estimates.

MR. McEACHERN: Oh, yes, it does.

MR. ELZINGA: No, it doesn't. [interjections]

MR. McEACHERN: You wanted to discuss the loan guarantee programs, the loan programs, and the investment programs of the government just a few minutes ago. I'm now taking you up on that.

#### Debate Continued

MR. McEACHERN: There are a couple of other areas where there are little problems too. You see, the problem this minister has, and he bragged about it himself . . . [some applause] Mr. Chairman, is there any reason why these guys can't keep their hands still? The minister has a lot of influence, supposedly anyway, in this cabinet as to economic policies of the government, so that's what we're discussing.

Now, I just mentioned the loans, loan guarantees, and equity investment programs that have lost us probably in the neighbourhood of \$400 million in recent times. The financial institutions have put us on the hook for another \$500 million or so, things like Principal, North West Trust, and the credit unions. The debts carried on the books by Alberta Mortgage and Housing, AADC, AOC, the Treasury Branches, and Alberta Terminals Canola Crushers Ltd. together add up to about \$1 billion. That will have to be paid one day, but right now it sort of doesn't show except that the Auditor General, of course, in his consolidated statements makes it show up. That's why the government gets away with trying to tell us that the numbers are one thing when they bring in a budget; a year later they admit

to half of the errors and then a year later the public accounts gives us the rest of them. Believe me, they are legion.

Mr. Chairman, the ad hoc program, then, is not doing too well by us. In fact, I want to do a little bit of an update on some of those things that I've mentioned. Just recently we put out another release in which we talked about certain problems that the Alberta government is having. The minister likes to quote statistics, and he quoted all these companies, but a lot of them must be very small. Of the 66 biggest companies, those that the government involved \$100,000 or more, in that category, 31 of them – it was 30 when we wrote this the other day, and then we had to add another one in the next few days – have either gone out of business, have been taken over by the government, have lost taxpayers' dollars, or some combination of the above. Now, some of the companies involved are some of the same ones we mentioned earlier: Gainers, Gainers Properties, Northern Steel, 354713 Alberta Ltd., or Softco – in fact, for that one we're on the hook for \$129 million right now, I gather – General Systems Research, Rocky Mountain life insurance, 391760 Alberta Ltd. – of course, that's the company that took over a lot of the Principal Group; I gather they've been shuffled over onto Softco now – Alberta Terminals Ltd., Myrias corporation, Alberta-Pacific Terminals, NovAtel; that's the good one of course right now, the big one. Just a few of the companies, Mr. Chairman. I didn't read the whole list.

That leaves some 26 companies that as far as we know haven't lost anything, but there are nine that we're concerned about. I'll only read a few of them: Magnesium Company of Canada – that's the one that's already shifted to the loss column – Centennial Food Corp., XL Foods, Smoky River Coal, Alberta Intermodal Services. The minister the other day somehow indicated that it's going to be sold and that they're not going to lose any money. We've put \$32 million into that company, and we won't get it back. Now, that was probably a good investment, because it helped to get the container industry going in this province. I don't mind admitting when things go well. But he's in the process of messing that up in the near future if he's not very careful how he privatizes it and who's got control of it, because it really should be a service to the whole industry, not to the advantage of one company over another. That's one of the problems with this ad hoc program: it favours one company over others or else the government gets caught in that if they give money to one company, they have to give to all the companies. That's not the way to get involved in the economy. The other one was Vencap Equities. I mentioned something about that earlier.

So, Mr. Chairman, the ad hoc program of this government is huge. We're talking \$3.2 billion or \$3.5 billion; the minister likes to use that figure. Yet the budget is only \$71 million. So what I'm saying is that this minister influences a lot of policy directions and helps to control, along with the Treasurer and probably the public works minister and the Minister of Technology, Research and Telecommunications, an incredible amount of taxpayers' dollars either as loan guarantees, investments, liabilities, direct loans, whatever, in a number of different ways, far beyond the paltry \$71 million in his own actual budget estimates. So that's why we have to talk about the overall economic policy in a number of different ways.

Now, the minister indicated that the businesspeople appreciate the amount of government involvement in the economy, but they don't all. I've talked to many businesspeople, and they're very upset with the government's degree of involvement in the economy and the way they try to pick winners and allow a lot

of other people to then be losers. Those losers are often mainly the taxpayers, but sometimes they're other companies as well.

I have a document here called *How To Achieve Manufacturing Competitiveness In Alberta*, put out in December 1990 by the Canadian Manufacturers' Association. This was totally an Alberta project. The points raised here are strictly from Alberta manufacturers. In the introduction, just to get a flavour of where it's going here, they admit that Alberta has a certain number of disadvantages to get into manufacturing: our small population and the long distance to market. But they go on to say that in the past, governments in Alberta

chose to create incentives such as low priced natural gas and electricity, a tax system rewarding success, and an education and apprenticeship system that helped train Alberta personnel.

So this was the infrastructure that was laid out in Alberta. But now they say that "Alberta's manufacturing sector has lost many of the advantages." That's for the '90s.

Then they get very specific, and some of these specific things are really quite damaging to the government and quite indicative of a lot of businessmen's attitudes in this province. For example, in the taxation section they say:

1. Taxes on Alberta's manufacturing establishments are now 2-1/2 to 3 times greater than Ontario and Quebec and 4 to 5 times greater than areas in the United States where we must compete.
2. The Alberta government continues to claim that Alberta has the best tax regime in Canada even though they have been shown that this is incorrect.

Very, very specific about that. They go on to list some other things and some potential solutions that I want to skip through quickly. I don't want to read the whole document into the record.

In the energy sector one comment only. Well, there was a lot more here, but I'll just read one.

Small and medium sized manufacturers [in Alberta] do not have the same advantage of purchasing deregulated natural gas as their competitors in Ontario.

So we're handicapping our own businesspeople.

Government. Problems: there are six here, and I've got to read them all.

1. The Alberta government either does not understand the importance of manufacturing or does not care to understand.
2. The Alberta government either does not understand the meaning of diversification or does not care to understand.
3. The Alberta government either does not understand competitiveness associated in the global [market] economy or does not care to understand.

AN HON. MEMBER: Who said this?

MR. McEACHERN: The Canadian Manufacturers' Association.

4. The government continues to try to pick "winners" such as Pocklington, GSR, Myrias, Climate Master, Northern Steel, all unsuccessfully.
5. There is no central body responsible for or interested in the manufacturing sector.
6. There is no vision or orderly plan for development of Alberta's economy or the diversification potential associated with Alberta's resource sector.

Incredibly damning, Mr. Chairman, of this government.

Education problems: I'll just read one point.

SAIT's Operations Management Technology program, an excellent manufacturing program, is on the verge of being shut down due to a funding crisis.

Oh, no. This is the one I really meant to read.

2. Alberta is one of 3 provinces in Canada that does not have a manufacturing engineering curriculum.

Now, Mr. Chairman, taken together those points, and there are more in here, are incredibly damning to the Alberta government and its handling of the economy. Clearly, the ad hoc involvement of the government is a problem. What the government needs to do if it's going to get involved in the economy is develop some criteria, set out some – well, I'll go through a list here in a minute. I guess I'll come to that in a minute. Instead, I'm going to just take a slightly different tack for a minute.

8:50

Instead of trying to develop secondary or value-added economic development in this province, the government has endorsed the free trade deal and now a Mexico/United States/Canada deal, where American capital and mostly their technology will be used to take Canada's cheap resources and Mexico's cheap labour and put it all together for a strong manufacturing sector in the United States and in Mexico, and Canada will be the loser. We will continue to give off our resource materials cheaply, as we've done over the years, and will not be the beneficiaries of this free trade deal, partly, Mr. Chairman, because we have not done our homework here in Alberta and in Canada. For example, we don't even really have free trade among the provinces, which is a well-known problem.

What we need to look for is: what kind of an economic policy should you have? For these Tories I think I need to go back to what the fundamental is about economic activity. The reason for economic activity is so people can provide themselves with food, clothing, and shelter. Yet what has happened now is that we've developed a global economy in which the only thing that matters is the bottom line of multinational corporations, or transnationals as they're often called. From the point of view of the big corporate elite that control the economies and are building this globalized world that the Tories have bought into with their free trade deal, the only thing that matters is to keep wages as low as possible.

So what we have seen is large numbers of people that used to have reasonable paying jobs with a certain amount of security and a certain amount of benefits being pushed out of those jobs. The governments are doing it in the public sector: privatizing services. They're pushing those people out from the public service, along with a lot of private companies that are doing the same thing, hiring them back on contract at minimum wage, and putting them among the working poor. We now probably have 30 to 35 percent of our population, if we count the people on welfare and the people on unemployment insurance and the people that are in low-paying jobs, as the working poor. The economic squeeze is on the middle-income group that still hasn't got pushed out yet, but many of them are in fear of being pushed out, while the whole thing is controlled by a very few people at the top that are extraordinarily wealthy and powerful.

Through the '80s our economy in Canada boomed supposedly, but the distribution of that income got more and more unfair all through the '80s. The gross domestic product growth was extraordinary. Between '82 and '86 it was over 3 percent every year and averaged 4.2 percent, the highest in the OECD countries according to Brian Mulroney in his last election. Yet the people on AISH, the people most unable to defend themselves, still got \$720 a month from this government to live on, while the Black brothers, the Reichmann brothers, the Bronfman brothers, the rich people of this society, got incredibly wealthy and powerful.

Now, what has happened is that the bigger entrepreneurs of North American society have forgotten the lessons of Robert

Owen. Robert Owen, during the industrial revolution, showed that if you pay workers a decent wage, they will work harder for you, they will produce more for you, and there will be more wealth to share among everybody, and the workers will be able to afford to buy some of that wealth. We have the technology, we have the educated population, we have the ability to produce, but instead we're getting into the cutthroat business of the kind of Campeau takeover of various businesses. That's the model that is being allowed to have full sway in our society now. The richer you are and the bigger you can wheel and deal, the better. You can use junk bonds; you can use leverage buy-outs. You can amalgamate and merge companies together, lay off half the people, shut down half the factories, pull up stakes from Canada if you don't like it and go to Mexico, and we the rest of the people, the taxpayers, have to pick up the pieces. That's what's happening in our society; make no mistake.

We have far too many Campeaus in our society and not enough of the Henry Ford types, not that Henry Ford's a great model in terms of environmental protection or anything. The car is probably our worst polluter. Nonetheless he was a builder. He was somebody who created wealth, and the people that worked for him were paid and were able to buy back some of the products produced. After 200 years of industrial revolution and then in this century of building up a large number of people in our society that can afford to buy those goods and services, we are now going the other way and squeezing down the number of people that can afford to buy the goods and services. It's getting more and more cutthroat. It's a very vicious world that the multinationals are building for us. The last thing they want is for national governments to have any say or control over the flow of capital between countries, so we see things like free trade deals where we think that it's okay for companies in the United States to come in and take over the companies of Canada and Alberta. We've put our service industries into the pot and said that's okay. We've put our intellectual property into the pot. We've put our agriculture into the pot; we're going to lose all our marketing boards.

The GATT negotiations have now become something similar, a sort of an adjunct to that kind of thinking. It was really interesting to watch when the Americans tried to bully the Europeans into reducing tariffs on agricultural products to zero. It doesn't make any sense. It may be that the Europeans are oversubsidizing agriculture. I don't deny that that may be the case and that we should get them to reduce it, but to go all the way to zero would be totally disastrous for Canada's agricultural industry, and it would be for almost all of the Cairns group and almost all the little nations of the world. The average farmer in the prairies is 900 miles from a seaport. The average American farmer is 300 miles from a seaport, or an oceangoing vessel in any case. So why would we want to have straight out zilch for tariffs or controls over agricultural production? We are just looking for trouble, Mr. Chairman.

There are a number of things that the government should be doing before it gets into these free trade deals. It should be turning to local people and helping local entrepreneurs and local communities get their economies together. I commend to the minister the book put out by my colleague from Calgary-Mountain View on community based economic planning. We talk there about setting up three levels of councils – an economic council of Alberta, regional economic councils, local economic councils – so the people themselves can decide how they want to develop their economy, so consumers can get involved, so environmentalists can show their concern. We need to democra-

tize the economies as we are now trying to democratize the political system in the world.

What is needed is an import replacement program. It's interesting, the import replacement program that we talked about. There were 15 government officials from your department at that conference last fall up in Fort McMurray, Mr. Minister. They talked about the import replacement program knowing that it was an antidote to a free trade deal that they didn't like, but nobody dared say it. Nobody talked about free trade being a sellout; they just talked about at least a positive way of mitigating the worst effects of it. Thank God they were doing that at least, but it worries me that they didn't feel the freedom to be able to talk about it openly as to the context that they were doing that debate in.

Finally, what's needed is some kind of a manufacturing strategy. We need to start developing secondary industries, and we're not; we're still staying hewers of wood and drawers of water. What we do not need is the kind of pulp mill development that we're getting where we're going to the big corporations to come back in and do the same with the forestry industry that the big corporations did to us with the oil industry. You'd think we would have learned a lesson, but no, we turn to the Japanese and give them chunks of land the size of England and say, "Here; go to it," and call that a development strategy. There is a temporary boom to the economy out of the capital expenditures, but it is not an economic way to develop our forestry resources, and the minister must know that.

Mr. Chairman, most of the diversification of this province has been because of the local small businesspeople doing their thing, not because of this government's policy. What this government needs is a change of direction, and if that doesn't occur, the businesspeople are going to help throw them out and we're going to get a change of government in this province.

MR. ELZINGA: Mr. Chairman, I'm going to be very brief in responding to a few issues that the hon. Member for Edmonton-Kingsway has raised. I do wish to indicate to him, and I do so in a very sincere way: I thank him for a number of his positive contributions. He has made a number of positive thoughts as it relates to his support for our export loan guarantee program, as it relates to his reference to somebody taking notes out of my desk. I only wish that he would relate, as it is related in my briefing book, the positive performance rating of our loan guarantees. I notice he very conveniently omits that. I also want to thank him for his thoughts as they relate to Alberta Intermodal Services and leave him with the assurance that we're fairly confident that there is going to be at least a break-even if not a profit for the provincial government as it relates to the returning or the turnover of that company to the private sector. I know the Provincial Treasurer is looking forward to having that additional revenue calculated within the General Revenue Fund, and we are sure that Alberta Intermodal Services is going to prove out very well.

9:00

I want to indicate to him, though, and he asked me to share with him some figures on the free trade deal. I'm going to share with him some figures on the free trade deal, because the Canada West Foundation just recently came out with a two-year report. Canada posted a \$4 billion net increase in exports of manufactured – manufactured; again contrary to what the hon. member indicated in dealing with manufactured products – end products in 1990 compared to 1988, while imports of U.S. end products declined. Also, capital investment and investment flows



have generally been positive. Also, and this is a key point because the hon. member hangs his hat on it so often, claims of the free trade agreement related to plant closing and job layoffs are inaccurate and misrepresented by members within the New Democratic Party.

Let me also indicate again, as I did in my remarks, my appreciation for his support for the export loan guarantee program. I want to leave him with the assurance that I'm going to use that on many occasions, because I appreciate his frankness with me. We feel that the Alberta Opportunity Company has played an instrumental role in the further diversification of this province. They played a very important role, and it's a role that we're going to continue to support.

I'm not going to go through the list, because he only went through a couple of companies, except to indicate to him, as I indicated to him before, that one wants to be very cautious. Generally, I respect the responsibility that the hon. member exhibits, and I say that again with sincerity, because one wants to be careful with naming these companies. What you can do is create a psychological impact that can be very negative to a company that is in the balance. We don't want to see companies fail; we want to make sure that they succeed. I would just ask the hon. member to continue with the responsible nature that he has represented in the past.

Let's look at some of the facts. He indicated that our manufacturing shipments are down. That's contrary to the facts. They've increased. Also, he indicated to us that diversification is not working. The majority of the jobs that have been created over the last five to six years within this province are in industries related to other than energy and agriculture, thus supporting the diversification strategies of this government.

[Mr. Jonson in the Chair]

Let me indicate to him also that as it relates to the free trade within the provinces, the Minister of Federal and Intergovernmental Affairs has played a leadership role in this whereby we have been the main proponent of any provincial government to reduce barriers. We fought to reduce barriers. I'm glad to receive the endorsement of the hon. member as we proceed to reduce those barriers further, because I believe he's on the record tonight as stating that he supports further reduction.

MR. McEACHERN: I just raised the issue.

MR. ELZINGA: You just raised the issue. In other words, you're not taking any position.

MR. JOHNSTON: No position; they won't take a position.

MR. ELZINGA: No position. Well, that's what I wanted to have the hon. member on the record for. No position.

MR. JOHNSTON: That's like 'em again. Here I thought you were going to give him some credit, Pete.

MR. ELZINGA: Maybe I was a little too generous in my compliments to the hon. member.

He raised the opportunity for us to participate in the trade agreement with Mexico. Is the hon. member suggesting again that we sit on the sidelines and not participate in the economic growth of this province? That's what he's suggesting, when right now the facts are such that 85 percent of the goods coming into Canada from Mexico have no duty on them. We want to make

sure that we have access to that market of millions of people. One only has to look to our agricultural community as it relates to the exports that we ship from Alberta. If we don't have access to markets other than our own, we're dead as a province. Hon. members themselves do not recognize that. They want to make sure that we're stale, that we have no opportunity for growth. We want to make sure, Mr. Chairman, that we do have an opportunity for growth within this province, and we're going to continue to work for that growth.

As it relates to the announcement on the Persian Gulf and the Kurdish people, the hon. member will have to wait until the beginning of the week, but I assure him that there will be a statement forthcoming within the beginning of the week whereby we are going to work in conjunction with the Red Cross to offer greater assistance to those people who so desperately need it.

MR. DEPUTY CHAIRMAN: The Member for Calgary-North West.

MR. BRUSEKER: Thank you, Mr. Chairman. I am pleased to be here to debate the estimates. I didn't realize we were here to debate the free trade agreement, so I will not talk about free trade agreements but instead try to deal with something that's supposed to be dealt with this evening.

The first question I want to put to the minister is the question that I tried to get out. I was not allowed the opportunity to do so. In his opening comments the minister glossed very quickly over the details of the estimates. I want to deal specifically with vote 2, and that is the Business and Trade Development program. There's been substantial reorganization in that section. The minister did not refer to it in any significant detail at all in his opening comments, and I would hope that the minister would address that, because there has been a reapportioning of moneys. There has been a new subsection created in that area, and the minister did not refer to it. So my questions are these: what's the rationale; what's the intent of the reorganization?

As we flip through vote 2, there are some new areas that have been created. When I look at vote 2, we used to have a subdepartment called Trade and Investment. That had a \$7 million allocation last year. This year it's simply called Trade. We have a new section as well in here that wasn't in before. Business Finance and Investment is a new title. It hasn't come in before. So I'd hope the minister would talk about some of the reorganization, and that's the details in the estimates. That was my first question I was trying to get out that now I've gotten off my chest.

Getting back to some generalized comments, one of the concerns that I have with respect to economic development is that I don't see a plan. So my second question to the minister is: is there a plan, and if so what is the plan? I look at when I first came into the House, during the 1989-90 budget estimates; this minister had a department of some \$72 million. Specifically \$73,888,251 was the number introduced in the Legislature at that time. Today's budget is \$36,613,902, slightly less than half of what it used to be in a short span of two years. Now, that's a substantial change. The 1989-90 budget listed 307 full-time-equivalent employees, and now we see 278 employees. We see a reduction of over 50 percent in terms of the total budgetary allocation to the Department of Economic Development and Trade from \$74 million – let's round it off – down to \$37 million, and we've dropped 30 employees. So we see a substantial change in the size of the program but not concomitant size of reduction of the employees. I have to ask the question therefore: if we are reducing substantially the loans – which I

think is good – if we are reducing substantially the investments being made, why do we have to have as many employees as being shown here? It seems to me that there's no particular plan. So I would like to know: is there a mission statement, an economic strategy, a green paper, a white paper, whatever you want to call it, that gives some direction as to where this minister and this government want to go with the department of economic development?

I guess my concern has been mentioned often: the failure of Gainers, Ski-Free Marine, General Systems Research, Myrias Research, Glacier Ammonia, Nanton Spring Water, Norstar Recreation Products, Climate Master, MagCan, General Composites, Alberta-Pacific Terminals, et al.

There have been some positive figures. The minister did table a document today giving some percentages. The numbers look good, but again there's not much detail behind what the numbers really mean. We've got some awfully big numbers in the losses column that have been totaled up.

The lack of consistency: when we look at the numbers in last year's budget and the year before – I've alluded to them already – a substantial reduction over the last couple of years, and I'm just really puzzled as to what's going on there.

I have very few comments about vote 1. It looks to me like pretty much maintaining things as they are. Human Resources are up a little bit; Communications and Information, down. I guess when I look at this department, though, and I realize that we see a 50 percent reduction, at least in programs being delivered, again I will offer the suggestion to the minister that if the government is really keen on balancing the budget, one area where they could do it is in Departmental Support Services. Perhaps the Department of Economic Development and Trade and the Department of Technology, Research and Telecommunications should be recombined once again. That would save one minister's salary, a deputy minister's office, finance and administration for one department. I'm not sure which minister would be the one to go. Perhaps this minister and the one for TRT can duke it out and decide who's going to be left, and you can place your own wagers depending upon whether you're an Edmonton or a Calgary fan. I'm not sure whether that would parallel the recent hockey series. Nonetheless, I think some savings can be realized. We've seen a scaling down of this department. Perhaps it's time to consider that as an alternative.

#### 9:10

Now, I started with vote 2. I want to go back to vote 2, because there are some very curious things happening in that department. There are things that the minister did not allude to that I am puzzled about. One of things I am puzzled about is that in last year's budget book that was tabled in this House, the 1990 estimates for Small Business and Industry were \$12 million as opposed to the \$10 million that is shown in this book. There seems to be a discrepancy. We voted on \$12,079,005 in this House last year. I don't know how that figure was arrived at. Last year's figure for vote 2.1 was \$12 million, and now in this book we see a figure of \$10.8 million, so there seems to be a discrepancy there of better than a million dollars. My first question to the minister under vote 2 in particular is: how come there's a discrepancy of \$1.2 million?

There are three lines in here that I don't even understand, and I'll deal with them all at once: votes 2.1.4, 2.4.5, and 2.6.2. There are three lines in vote 2 that were allocated no money last year, are allocated no money this year, yet they're part of the budget documents. I don't understand what the point is of allocating a space in the budget line when you're not allocating

any money to it and you didn't allocate any money to it last year. Why bother with putting it in there?

The section in vote 2 that is really of biggest curiosity when we look through it is that we see a substantial increase in Administrative Support, vote 2.1.1, of 8.4 percent. We see a small decrease under 2.2.1, but we see a whole new category, 2.3.1 and 2.4.1 of Administrative Support. My question is: what is the purpose of all of those dollars going towards Administrative Support under vote 2? It doesn't seem to make a whole lot of sense.

When we look at vote 2.3, Policy and Planning, overall we see an increase of 5.1 percent, yet again, as I've mentioned, the department seems to be cutting back: 50 percent smaller than it was two years ago. Why do you have to increase Policy and Planning when you're delivering fewer programs? It doesn't seem to be consistent.

Business Finance and Investment. This one I really must congratulate the minister on. I'm amazed that it took 19 years for this to be created. I want to read a line from the budget document. It says the purpose of Business Finance and Investment is to monitor "loans, investments, grants and loan guarantees to ensure that terms and conditions are met." Well, hallelujah. Thank God you finally realized after 19 years of giving loans and loan guarantees that you've got to monitor what you're doing with the money. I think it's terrific that that finally has dawned on this government after 19 years of this. Better late than never. Well done. Now, if we can just actually stop the losses, that would be terrific.

Under vote 2.6 there is a section called Financial Assistance for Alberta Business. In particular there's a section that's entitled Export Services Support that is being eliminated. I wonder if the minister could explain to me why Export Services Support is being eliminated when in fact exports are something I know the minister likes to talk about. We all agree that in order for Alberta to grow we've got to export our products and our goods and our services, we've got to sell them outside, yet what I perceive to be a very important section is being eliminated.

One of the things that I've raised in the House with the minister before, not with this particular minister, is a proposed piece of legislation, the safety codes Act. It could have a significant impact, if that is passed, on the exporters in the province of Alberta. One of the things that Alberta is known for is the production and sale and export of high-quality, high-pressure vessels – boilers, tanks of various kinds – and because we have the local boiler inspection branch here in the province, any vessel made in the province can be sold worldwide and is accepted very, very easily. Yet one of the things that could happen if this piece of legislation is passed is that vessels that are produced in the province of Alberta are not going to be as easily accepted worldwide. So my question to the minister is: has he talked with the Minister of Labour and in particular the power engineers, the boiler and the boiler inspection branch people to see what potential impact there could be on the export of pressure vessels if this piece of legislation is passed? I think it is a major concern. I know that the minister likes to talk about success stories. I think this is a success story we've got right now, and we don't want to shoot it in the foot. So let's keep it going. That's in particular, I think, under the Export Services Support, under 2.6.3. I hope the minister would clarify that a little bit.

Now, the minister did not talk about economic development projects. We see again that a whole list of projects that have been given money in the past aren't on here in terms of dollars

this year or last year. Again a quick question: why would they bother being on here?

Vote 4, International Assistance. Congratulations. Two years ago I said to the minister that he was spending too much in Administrative Support. I said it again last year. He's finally taken my recommendation. Thank you very much. It's a good job. Keep doing the good work. Nice to see a reduction there. By the way, I do agree with the assistance that is going to be provided to the Kurds. I think that's a proper thing for this government and for the people of Alberta to be doing.

Vote 5, Small Business Interest Shielding Assistance. Now, I must confess I am puzzled over this particular area, because when I look at what's happening in the province, as I understand the program, it's to shield businesses with loans that are higher than 14 percent. Yet right now the prime rate is 10 and three-quarters percent. Most business loans are floating loans; they tend to float at prime plus 1 or prime plus 2 or even prime plus 3. Prime plus 3 would put it up at 13 and three-quarters, which is still below the 14 percent. Yet we see in here a total of \$34 million being allocated to this program. My question to the minister is: since interest rates have dropped as dramatically as they have, why are we allocating \$34 million to a program that right now does not appear to be necessary given the current interest rates? Is this a contingency plan, or what's going to happen there?

Vote 6, financial assistance to the sinkhole, Alberta Opportunity Company. When we look at Alberta Opportunity Company, I have some real difficulty in buying into the minister's comments with respect to what a wonderful job is going on. I looked back in annual reports as far as 1982. Consistently every year from 1982 to 1990 there have been losses. Net losses are recorded in the financial statements that the minister is required to table in the House. Those net losses total \$51 million. If you sum up the net loss lines from 1982, they total \$51 million. Yet in that same time the grant from the province has been \$81 million. So they give them \$81 million, and they turn around and lose five-eighths of that, or \$51 million has gone to doubtful loans. When I look at the losses, they get to be quite staggering.

The other thing we have to look at is that the total long-term debt for this company is shown to be, rounded off, \$157 million, and the total assets of the company are, rounded off again, \$139 million. We have a company here that seems to be quite consistent in losing money. I've asked for details of those losses before in the House. We're asked to allocate again to the Alberta Opportunity Company this year another \$34 million, yet I still can't get details from the minister as to where that \$51 million has gone. I'd like to know. I'd like to know the companies that have lost that \$51 million. I'd like to know how much has gone to each company. I'd like to know what we got back in return for our losses. We made grants of \$81 million over the last few years, from 1982 to 1990, and we've lost \$51 million. Where did it go? Who lost it? I don't know whether we've got it still or whether we're holding something. There is such a lack of information: no subprograms shown in vote 6. Basically what we're looking at here is some real fuzzy accounting, as far as I can see, because I don't know where the money's gone and the minister doesn't seem to want to talk to me and tell me what's gone on there.

9:20

When I look at the list of loan guarantees that the minister has given us in public accounts, some of which are under this department, some of which are out of Treasury, some of which

are out of TRT, I'd like some more details on some of those. I'd like the details of the agreements. I'd like to know what the terms are. What are the rates of interest? What are the percentages? If we have a loan guarantee for a million dollars, for example, I'd like to know how much of that million dollars has been drawn down and how much of it is still sitting in the bank waiting to be drawn down.

The minister has told us that we've got three and a half billion in total loan guarantees, yet we have a terrific lack of information. We're supposed to simply take their word that they're investing it on our best behalf. Even the document the minister tabled today tells us the success rate, but he won't tell us who are those successful people. We keep hearing that there are success stories, that there are so many success stories. We don't hear about the details of them. We hear about the details of the losses, and they have been substantial both in numbers of dollars and in terms of the number of companies that have been involved. So I'd like some more details. I'd like to know who has been involved. I'd like to know where the money has gone, and so on. There are a number of concerns in that particular area.

Overall the minister has referred to a budget cut of 18.9 percent, which again is probably the right direction in which to be going, particularly given the record of this minister and this department over the last few years, you know, but I still don't see a plan; I still don't see a direction. How do they select who gets the money? We have seen a variety of different companies. For example, all we have to do is look at the list of guaranteed loans. Some are picked supposedly as winners, I guess. They think they're going to turn around and jump forward and start making money, yet the bottom line, sometimes disappointingly so, is that they don't make money; in fact, they lose money hand over fist.

The minister started his comments with some generalities, and I too would like to refer to some generalities. This government first came to power 20 years ago approximately, in 1971. At that time the five primary industries of agriculture, forestry, fishing, trapping, and mining accounted for 20.8 percent of the gross domestic product of the province of Alberta: 20.8 percent in 1971, Mr. Chairman. The minister talks about what a successful diversification job they've done, yet in 1989, the most recent figures I could get for those same five industries: 20.3 percent of the gross domestic product of the province of Alberta.

Similarly, in 1971 manufacturing accounted for 9 percent of the GDP of the province of Alberta. Great diversification, because in 1989 that slipped to 8.2 percent of the GDP of the province of Alberta. Now, if you look at the total dollars, yes, the total dollars have gone up, but in terms of a shift, in terms of a diversification, it simply hasn't happened. In fact, if we look at exports as a percentage of GDP in that same time frame, the total exports as a percent of GDP have dropped .2 percent. That's from 1971 to 1989. That's 18 years during which time this government has had the opportunity to try and make some improvements, yet depending upon which statistics you like to use, if you look at the percentage of GDP, not a significant change, Mr. Chairman.

So there are a number of questions that I have asked. I would hope that the minister or his departmental staff, if he doesn't get an opportunity to address them this evening, will look at *Hansard*, look at the questions I have posed, and I hope we'll get a response to those questions as well.

MR. ELZINGA: Mr. Chairman, I'll go through a response very quickly for the hon. member. He's asked a number of very

important questions. He asked for the rationale as it relates to some of the differences in the votes. I should share with him that we just went through a reorganization within our department, and the change is reflected in this budget, whereby we wanted to give – and he noticed it and highlighted it himself – a higher priority to the financial management of a number of our business involvements. Because of that we do have some reallocation of dollars between the various votes. We also recognize that we have to give a higher priority to policy and planning, which we're doing. I'm going to deal with that in a more in-depth way in my closing statements, but we are going to go out to the Alberta population and ask them for their input, too, as to the economic direction they would like to see the province go in. We recognize that we have been very successful as it relates to economic growth and diversification, but we also want to make sure that the direction we are going in – we either receive suggested changes or an endorsement of what we are doing.

I don't happen to agree with the hon. member when he indicates that the Alberta Opportunity Company is not proving successful, nor would, I'm sure, the thousands of people who went to them for help. We feel that it has been a very instrumental part in our diversification of the province of Alberta, and we're going to continue with it.

He asked for some specific information as it relates to some of our reductions, too, on the interest shielding program. He asked as to why we have continued funding for the interest shielding program. Individuals have an opportunity beyond the cutoff period to submit applications for funding, and because of that we have additional allocation of dollars within our budget so that for those who do submit to the department to fall under our program for dollars, we will have the dollars available to them.

The export services support program, which the hon. member referred to, unfortunately was one of the programs we cut back so that we could meet the target of a balanced budget. We recognize that there are pains that have to be suffered, and this is one we felt we could do away with. This program provided financial assistance to Alberta exporters to pursue export market opportunities, whereby we shared in the costs of conducting an export feasibility study or other related market development studies. We funded up to 50 percent of those studies. We are not going to do that anymore, again so that we could meet the budgetary targets that this government has set in ensuring that we balance the budget.

The hon. member, too, highlighted the plan that we have. I want to deal for a moment with that. You know, the hon. member can't have it both ways, and he's suggesting that he should have the flexibility to have it both ways. He criticizes us at one moment for reducing our budgetary expenditures and then the next moment he's saying that we should pull back as it relates to our offer of support to the business community. Well, we are pulling back substantially. If he notices under the special vote we have as it relates to support to the business community, we pulled back substantially. Interest shielding: again because of the reduction of interest rates we're going to have considerable savings.

He indicated, too, the failure rate as compared to the success rate. Well, obviously the hon. member wasn't paying any attention to the debate earlier, because I highlighted a number of specific success stories that we've been involved in, and there are thousands of them. All you have to do is travel through this province and talk to individuals, as I did yesterday when I spoke to the chamber of commerce in my own community. There are

individuals within that group who have accessed, whether it be interest shielding or our capital loan guarantee program or our other programs that have been very beneficial to the development of this province.

I thank the hon. member for his contribution. I look forward on an ongoing basis to wrestle with the issues that we collectively in this Legislative Assembly are confronted with, but I want to leave him with the assurance that we're going to continue to work hand in hand as facilitators. Rather than as individuals who are going to inject ourselves, we're going to facilitate the services that we do have, and that is why we've seen the reduction within our own budgetary estimates by way of dollars and a much, much smaller reduction as it relates to staff because we still want to facilitate. Whether it be within the matching services or providing opportunities for our local exporters to have greater access to markets other than our own, we're going to work hand in hand with the business sector so that we can continue on with this strong economic growth.

9:30

MR. DEPUTY CHAIRMAN: The Member for Calgary-Glenmore.

MRS. MIROSH: Thank you, Mr. Chairman. It is indeed a privilege for me to stand and speak on the estimates and congratulate the minister and his department for the fine work that they've done in stimulating this economy. In 1986 when I was elected, it was based on the diversification programs in this province. It was indeed these kinds of programs that elected 59 members in this House, and that was the vision of this government. We still have one of the best economies in Canada. Despite the fact that the economy everywhere else in the country is in a recession, Alberta has a strong economy.

Mr. Chairman, I'd like to just point out to the House an independent investment look by the Investment Dealers Association of Canada. This particular group of people pride themselves in being a self-regulatory organization of the Canadian securities industry and have had a great look at this country as a whole. It has said that "the pace of investment and consumer spending is steadily weakening," confidence is not that great, bankruptcies are on the rise and unemployment rates are beginning to reach rock bottom.

It goes on to discuss in great detail the rest of the provinces in this country, but it does talk about Alberta.

The pace of business investment will hold up far better this year in Alberta than [in any other province] in the country [and even any other country]. The rate of . . . business investment measured in [inflationary] terms will average 9 percent this year. This is three times the national rate. In comparative terms, Alberta's investment performance ranks in the top two provinces in Canada and, for the third consecutive year, investment spending per capita is the highest in the country.

I think, Mr. Chairman, this makes quite a strong statement coming from independent groups and investors.

Strong gains in investment will cushion Alberta from the impact of slowing economic demand elsewhere in the country and abroad, [especially] prevailing high interest rates. Real economic growth will average 2.5 percent this year, more than double the national rate. Continued solid employment gains this year, projected at about 2 percent will keep the unemployment rate [roughly around] 7.5 percent, about one-half a percentage point below the national rate.

This is the second consecutive year, Mr. Chairman, that Alberta can boast about the unemployment rate compared to the national rate, and again I emphasize this comes from independent sources; it's not just our government that is saying this.

People in other provinces are very envious of the economy of Alberta and the diversification and the long-range plan that this government has made. It just didn't happen overnight. This is a long-term vision, I'd like to remind the hon. members opposite.

I'd like to also remind the members way over opposite that you continue – not the members on the left but those other ones. [interjections] They're on your right. I'd like to remind the members that there isn't doom and gloom. As a matter of fact, I've had the opportunity as chairman of our economic caucus committee to meet with a number of groups. Our whole committee has met with a number of private-sector groups who've come to this government and have asked for some policy changes and direction and asked for help and wanted this government to invest with the private sector in taking risk. That is what this province is all about, and we have done just that.

They're also determined to see environment and technology go hand in hand with economic diversification and policy changes. Our new manufacturing strategy, for example, identifies a number of the developments for criteria for green manufacturing as an essential element in the future of our industry. Many, many of the groups that we have met have applauded us for the work we have done. Only recently I went to the APEGGA awards, and for an hour they were applauding this government's direction and risk-taking in conjunction with those who are scientists in this province. While government cleared a path for Alberta companies by establishing facilities such as the Electronics Test Centre and research centres and many other areas, we have seen a great deal of dollars that have been invested in this province.

I'd like to also thank the minister on behalf of the Member for Grande Prairie and myself on our trade mission to Russia in the summer. That was since the last estimates. Mr. Chairman, this was a very successful mission. We're very proud to be members of the government who attended that mission and have seen a lot of joint ventures and a lot of proud people in this province as a result of the work that the government, the department, and the private sector have done together in facilitating these kinds of joint ventures. They're ongoing, and a number of Soviet members have been to this province to continue this kind of joint venture investment. Just yesterday the Soviet member from a Moscow energy research institute was speaking to the Economics Society of Calgary and going on about Alberta's initiatives: how proud they are to be doing joint venture work and that this should continue on an ongoing basis in that international trade is very important as well for our province. We have been recognized worldwide in our achievements.

Mr. Chairman, I'd just like to outline a lot of the achievements with regard to the export achievements awards that took place in Calgary earlier on. There were 12 Calgary based companies that took top honours in these categories. This just doesn't happen; it is because of this government's policy direction in helping a lot of these Calgary based companies in receiving these top awards. Two Calgary export stars are especially interesting with regard to engineering and technology as well.

Of course since 1987, because of this vision and the entrepreneurial spirit and the risk-taking, there have been 86,000 new jobs created by the activity in all of these areas. Primary industries, of course, are energy, agriculture, as well as manufacturing and so on. We have attracted more than \$24 billion in major new industrial projects announced. Perhaps the minister, when he is summing up, could address those major industrial

projects that have been planned and are under construction that have created this kind of revenue. Also, we know that oil and gas has remained fairly stable, and maybe the minister can allude to the other international exports of goods and services and the increase in revenue as a result of those export goods.

Employment hopefully will continue to climb. Maybe as well, Mr. Chairman, the minister could talk about our manufacturing output. I understand that it is expected to increase by 7 percent this year and perhaps even next year. Perhaps I'm wrong in these figures, but I would like the minister to address some of those manufacturing successes.

Mr. Chairman, I just wanted to also talk about an article that has been distributed in Calgary with regard to "Canada's safe image is paying off," and that is in regard to tourism, which is also creating and stimulating our economy in a great way. The article alluded to the fact that there will be 40,000 people visiting Alberta in the next year, most of them of course from Japan.

AN HON. MEMBER: That's all?

MRS. MIROSH: That's just what the article alluded to; perhaps there are more.

One other question that I have to the minister, Mr. Chairman, is in regards to small business. There are a number of small businesses who feel that they're not that stable and want to know more about the policy direction and the help that his department would be giving with regards to small business now that the interest shielding is no longer applicable and if there are any areas where the department would help with regards to education or help in marketing.

Those are basically my comments and remarks, Mr. Chairman. Thank you very much.

MR. DEPUTY CHAIRMAN: Ready for the question?

SOME HON. MEMBERS: Question.

9:40

MR. HAWKESWORTH: I wanted to take a few moments this evening, Mr. Chairman, to put a few questions to the minister of economic development. He's making a lot of boasts these days about all the success that's going on in his department. As I understand, a little document that was circulated by the minister, if I have it correctly, was tabled today, a one-page document amongst a number of the other ones that he tabled, as some way of pretending that this success/loss ratio is something worth bragging about. I was quite interested to see the minister, first of all, file this statement in this Assembly, which has no date on it. He talks about success and loss ratio as a percentage of total assistance in regards to financial assistance for private-sector firms. There are a number of numbers on this piece of paper, Mr. Chairman, but nowhere on that piece of paper does the minister bother to tell us: was this as of March 31, 1979; was it March 31, 1989; was it as of September 49 in the minister's imagination? I have no idea where these figures came from or what relationship they have to reality.

The minister says, for example, that under the export loan guarantee program, realized losses were 3 percent. Therefore, the success rate, based on realized losses, somehow had to be 97 percent. Yet if we go to the public accounts, Mr. Chairman, the most recent ones we have available to us, for 1989-90, and we look under statement 8.1, which is the Statement of Remissions, Compromises and Write-offs for the Year Ended March 31, 1990, we start to get some real figures, including the Export

Program, Implemented Guarantees, Loans and Advances, totaling close to \$3 million. Now, if what the minister is circulating is based on something as of March 31, 1990, it would be saying to me that this export loan program therefore must have something in the order of \$100 million outstanding, because already in the public accounts for that one year alone, this government paid out \$3 million. Now, if that's the 3 percent on the minister's piece of paper that he handed around today, one can only assume there must be \$100 million in the export loan program under guarantees. Is that correct? I see nothing here in any of the documentation that would indicate that we have anywhere near \$100 million from the province in terms of the export loan guarantee program.

I think it would be helpful to the Assembly for the minister to be more forthcoming about exactly what it is he's saying other than making up some figures and dishing them out as representing something real. This doesn't mean a darn thing. It doesn't say anything. It doesn't tell us anything other than that the minister has a piece of paper with some figures on it. It doesn't give us any dates, it doesn't give us any time frame, it doesn't give us any dollar amounts, it doesn't bear any resemblance or relationship whatsoever to anything I've been able to see in the public accounts, and after all, these are all we have to go on.

Then if you go further into the public accounts, statement 8.5, we see all of a sudden under the Economic Development and Trade portfolio all kinds of payments being made in a schedule here for which no amount of guarantee or indemnity has been listed. Even though there's no guarantee or indemnity apparently outstanding, the government made in that year a payment of almost \$3 million to Gainers Properties Inc. or a million dollars plus to Norstar Recreation Products Ltd. We have no idea what this piece of paper means, whether it bears any resemblance to actual commitments that have been made or is something that the minister wishes to be the case. The other point: I find it very interesting he would have a column called Realized Losses.

The Auditor General made some very telling comments in his report on the public accounts, saying that this government understates losses arising from guarantees and indemnities because they don't recognize and report losses when they occur. They just disclose them when they choose to. So they go on accruing losses, and it's only recorded at some point when they choose to record it. Again, the fact that the minister would, I think deliberately, overlook some of the severe criticisms that have been made of this government in regards to its abuse of the guarantee program I think is highly regrettable, and the minister should know better, although of course he's desperate at this point to do anything he can to divert the pressure that's on him to come clean with the real story. I guess if this piece of paper diverts some questions from the media on a given day, it serves its purpose. But it certainly doesn't tell anybody in the Assembly anything, and it certainly is no basis for the minister to conclude that he has something like a 97 percent success rate. That's pure and total fiction.

Mr. Chairman, I guess you get yourself into trouble and end up someplace you don't want to be when you don't know where it is you're going. This seems to me to be the only way I can explain how it is that the government has brought us and the taxpayers of this province to the point of losing so many hundreds of millions of dollars through various misadventures through this department and through others. You know, they don't have any idea of an economic strategy for the province. They have no idea of a plan for economic development for the province. They go ahead and commit hundreds of millions of dollars, for example, to the forestry industry at a time when it's

going way down in the business cycle. When the whole pattern of consumer use of forestry and paper products is changing dramatically, this government gets on a bandwagon that might have been appropriate 20 years ago, maybe, and takes the taxpayers for a ride. If they had any indication or any mechanism in place to develop a strategic plan that looks to the future and builds on Alberta's strengths, they could come up with an entirely different program of support to the private sector in this province that would actually end up with economic growth, jobs, and prosperity for the long term without the consequent costs that we've seen from this government of dipping into the pockets of the taxpayer to the tune of hundreds and hundreds of millions of dollars.

I mean, the Auditor General says that just on the implementation of guarantees for the year that began two years ago, the figure was \$115 million for that fiscal year. Those figures are already out of date. Imagine how much it is now if we add \$115 million from the day this minister entered his present portfolio. Who knows where we are today as to actual losses. Certainly this minister isn't going to tell us where they are.

**9:50**

Now, what this government seems to do is decide that there's some company out there, as a result of lobbying or close personal friendships of key people or whatever – I don't know how the process works, and the minister has never been particularly forthcoming in explaining how the process works – that happens to be successful in getting a government loan guarantee. Now, the fact that a company gets a government loan guarantee should be a sign of trouble to start with, given the track record of the government, but what usually happens is that this is after the Treasury Branches have actually extended credit to those companies. That's usually the first step. Then we see that they come to this government looking for a loan guarantee. A company gets onto the list, gets its support from the minister and the government. Then all of a sudden the competitors out there start to wonder: hey, how come Joe and his company down the street or Peter and his company down the street got this support; how about us? So we have the anomaly here of a minister and a government getting involved to bail out Gainers after their most recent strike.

So what have they got to do? They end up giving some support to every single meat processor in this province, including a \$4 million grant to the world's largest privately held and most profitable corporation. We know who they are: Cargill. I mean, Cargill had sales of \$50 billion a year, and the Provincial Treasurer only had \$10 billion a year. They're five times bigger than the province of Alberta, yet this government figured that they needed \$4 million of taxpayers' money because that's the only way to create a level playing field after you've made the mistake of getting involved in the first place without an overall strategy and plan.

Now, we are not, on this side of the House, in any way saying to cut off any and every form of involvement and partnership with the private sector. We're saying: do it right, Mr. Minister, and you won't do it right until you sit down in a broad-based way with people from every sector and corner of the province in an ongoing process to develop a strategic economic plan for the province of Alberta, including whatever task forces, joint commissions, public hearings, and public involvement that flow from a decision to do that. Then a government knows what its strengths are for the province, and it can focus and build on those strengths and focus and build on sectors, not individual companies, that will build the economy for the future.

This government doesn't seem to have any targets whatsoever other than whoever it is that can knock on the door, walk in, and lobby effectively to get help from this minister. I mean, I have no idea what the minister thinks are going to be the key economic sectors for the next five, 10 years. What are the emerging sectors, and how is he going to support those sectors and get them up to critical mass and to take off in this province? We haven't had any indication on that. As a part of an overall economic development plan, then you would understand what role your foreign offices would play. Right now there's simply the Alberta senate. You know, Brian Mulroney has a Senate where he can send all of his political supporters to a reward in the afterlife, after political life. Alberta has its foreign offices. That's not the role they should be playing. We should be knowing where we're looking for investment, where we're looking for partners, where we're looking for markets, and give those jobs to the individuals in the foreign offices who can develop and build those contacts and those networks.

Finally, there has to be a mechanism for evaluation, Mr. Chairman. This is no evaluation. This is nothing more than a bunch of political baloney; that's all this is. There's nothing here about what's a realized loss and a success rate. There's nothing to this. It's just a number of figures that the minister wanted somebody to type out on a typewriter or a word processor. They bear no relationship to anything. An ongoing real evaluation would determine, would be able to look at a plan, look at the process of carrying it out and be able to say at the end of it what worked, what didn't work, what needs adjustment, what's got potential, and how things can be improved. That's what the mechanism of evaluation helps you do. But, of course, we don't have any of those mechanisms in place so far as I can tell from what the minister has given to us so far. I would simply say: if you can't stand evaluation, then you shouldn't be there in the first place. That's my view about that.

For example, the commissioner general for trade and tourism. I have yet to see any clear job description and evaluation of what the incumbent in that position has done, the mandate for that job other than to fly around all over the world. I don't know what else there is that goes with that job. I mean, it would be a great job if you can get it, but that doesn't justify almost half a million dollars a year out of this minister's budget. What does he do? Why does he do it? For what purpose? What success has there been? I mean a genuine evaluation of what that job has been. Because if you don't know where you're going, Mr. Chairman, you're going to end up someplace you weren't expecting to be.

I don't believe this minister deliberately set out to lose the taxpayers of Alberta \$500 million or \$600 million. I'm sure he set out with the best of intentions, but he didn't know where he was going, and therefore we've ended up in a big mess with all kinds of boondoggles at great expense to the taxpayers of this province. That's because there was no planning so far as I can see. Certainly there was no plan to get us into a situation of losing those hundreds and hundreds of millions of dollars. So I would say to the minister: he's feeling the heat – he should – but now is the time to make the changes to do it right. I'd say the place to start to do it right, and it's not too late – I hope it's not too late – is to start putting in place the mechanisms to do a decent, strategic, economic development plan for this province.

MR. ELZINGA: Mr. Chairman, let me just deal in reverse with the questions and comments that have been raised. I'll begin with the hon. Member for Calgary-Mountain View and then come back to the excellent contribution made by the hon.

Member for Calgary-Glenmore and then close off with a few general statements.

10:00

Now, the hon. Member for Calgary-Mountain View misinterpreted my reasoning for releasing the documentation that he referred to. He suggested that I was bragging about it. Well, I can understand the hon. member interpreting that we would be bragging about it, because the figures are so good, but that was not the purpose. The purpose was to present the facts to the hon. member. Then in the next breath he suggested we shouldn't offer him any pieces of paper with figures on it. Well, if he doesn't want any figures, I'm going to point that to the record, too, whereby he's suggesting that we don't offer him any figures. He talks about paperwork. You know, I'm amazed. We see on a consistent basis the paperwork that comes out of the New Democratic Party. If my brother was sitting in this Legislature, he would indicate to the members opposite in the New Democratic Party his regret that we don't have outhouses anymore so that he could put their paper products to good use, because on a consistent basis we deal with hypocrisy from that other side.

First, the hon. member suggested that we shouldn't support troubled companies; we should support the good ones. In the next breath he says don't support Cargill because it's a good company. I wish hon. members would make up their minds. We're happy that we do have companies willing to locate in this province so that we have the opportunity for further value-added for our agricultural products, because that is one of the thrusts that this government has involved itself in, making sure that we have a value-added component to our agricultural products, which now just slightly exceeds the production of agricultural products itself. It is the largest manufacturing processing that we have within the province.

The hon. member also asked us for targets. I don't know where the hon. member's been. We have indicated over the last three years three specific areas, and I highlighted them in my presentation earlier: forestry, tourism, and high technology. I related the jobs, the threefold increase in spending within tourism, the some 50,000 jobs and 1,200 companies in the high technology area. Forestry speaks for itself. In addition to that, we're placing added emphasis on manufacturing, because we realize that there we're going to have lasting jobs for our young people.

He dealt with the foreign offices that fall directly under our Deputy Premier and the Minister of Federal and Intergovernmental Affairs. The hon. member's suggesting that when times get a little tough, we shoot our salespeople. I've never heard anything more foolish, whereby we should get rid of those individuals that are so instrumental in the sales of the products that we produce within the province of Alberta. In other words, he's suggesting that we should shoot the individuals, get rid of the individuals who are instrumental in the development of sales for the exportation of products from this province. It doesn't make any sense at all.

He asks as it relates to our strategy. Again I'm happy to repeat it for the hon. member: we've got a threefold strategy as it relates to the exportation of our goods. We're gratified to see that we're less dependent on the U.S. markets than we have been over the last number of years, whereby the percentage of exports to the U.S. has decreased. The Pacific Rim is the fastest growing area we've got, but we also recognize that the European Economic Community is going to be a very important area for us to sell products in.

He talks about political baloney. Well, what he did when he spoke of political baloney is describe his own presentation to this Legislative Assembly this evening.

I want to deal for a just a moment, too, with the excellent contribution by another Calgary member, who sits – where did she go?

MRS. MIROSH: I'm on my knees.

MR. ELZINGA: . . . and thank her for her contribution this evening, but more importantly, thank her for the ongoing support that she offers myself and our department in the many functions that we have to take in. I'm deeply appreciative of the two members who led the trade delegation to Russia that she referred to, plus I'm deeply thankful for the many functions they take in on behalf of myself and the department.

She had a specific question as it related to our commitment to small business and our desire to work hand in hand with them. I can't think of any finer commitment than to retain the lowest taxation level of any province as it relates to the small business community. We maintain that level of 6 percent, the lowest of any province, because we want to set the climate for the small business sector to succeed. In addition to that, we've worked with somewhere between 35,000 and 40,000 clients over the last year within the small business community, because we want to serve again as a facilitator, helping them to find new markets, helping them to develop business plans, and maintaining a climate of prosperity within this province.

Let me just go through, as the hon. Member for Calgary-Glenmore requested I do, a number of major development projects. I've got a list here totaling well in excess of \$20 billion that are either ongoing or coming on stream – in excess of \$20 billion. I want to highlight just a few. First, as it relates to food processing, the hon. member referred to Cargill earlier, which was a massive project. We've got Canada Malting in Calgary, with a plant expansion that is 29 percent complete, with some \$50 million. Westcan Malting: we just turned the sod at Alix last Saturday, a number of my colleagues.

In forestry we've got a long list, but let me highlight the Alberta Energy Company at Slave Lake, which is 100 percent complete now, and we can go through that as it relates to recycling. Again, I refer to this project because my colleague the hon. Minister of the Environment has been so instrumental in making sure that environment receives top priority within this government. Consumers Paper Corporation, whereby the hon. Member for Cypress-Redcliff and the hon. Member for Medicine Hat were so instrumental in ensuring that there was a plant there to replace Domglas. It has been approved. I just met with the proponents of the company, whereby they hope to have it on stream very soon.

We can go through to the biprovincial Husky Oil upgrader, Canadian Liquid Air, Esso Resources in Cold Lake, Shell Canada's expansion in Peace River or their involvement at Caroline of some \$1 billion-plus. The list is lengthy, and we are proud of the role that we have played in attracting these projects that are going to provide sustainable development to this province and that are going to provide meaningful jobs for our young people.

[Mr. Schumacher in the Chair]

Mr. Chairman, I want to come back because the hon. members in the New Democratic Party have dealt with it on a fairly consistent basis. They have suggested that we've lost money on

a number of our involvements. I have indicated to them that there have been some areas where the risk was such that we did lose money. But we did not lose the investment, because the investment is in people, the people of this province, whereby we have given them the opportunity for meaningful employment. One only has to look again – and let me highlight our involvement because it's so often forgotten: in excess of 60,000 involvements, whether it be the people within our agricultural community, who are severely depressed right now, especially in the grain sector; our interest shielding program, which involved in excess of 20,000 people; the Agricultural Development Corporation; the Alberta Opportunity Company, which has worked with in excess of 5,000 clients; our export loan guarantees; the Alberta capital loan guarantee; and our student loans. We never hear a peep from the opposition about the worthwhile endeavours of those very, very needed programs.

Again, our success rate I was happy to table in the Legislature earlier today, but more importantly, these programs have resulted in the creation of in excess of 102,000 jobs in the province of Alberta, resulting in the best economy in all of Canada, resulting in these major development projects that I referred to earlier, resulting in the highest investment per capita in Canada. Exports are increasing; our manufacturing has risen; our diversification is a reality. It's important that we view these things in the big picture as it relates to our overall provincial economy. As a member of this government, I am proud to have played a part in it.

I want to close with a futuristic thought, though, whereby we want to work with Albertans, with all members within this Legislative Assembly as we are working in developing a constitutional proposal. We want to work with them and receive their input as it relates to the economic directions this government is going to take toward 2000. We're working on that now. We have a draft paper before a number of ministries within this government which we are going to release to the public very soon, asking them for their thoughts as it relates to such areas as loan guarantees, as levels of taxation. I want to assure the Alberta population that we're going to work hand in hand with them in ensuring that we do maintain and enhance the competitive advantage that we presently have in the province of Alberta.

10:10

Let me close by thanking especially the hon. Member for Edmonton-Kingsway for not taking me up on my challenge. Either he didn't have the information or he knew that he couldn't provide the information. I thank him for not taking me up on my challenge and indicating any projects that I had been involved in initiating, because what it does do is that it underscores the commitment we gave after the last election, that we were going to start to pull back because the economy improved so substantially. Because we had worked so closely with the business community that the economy's the strongest in all of Canada, it's time now for us to pull back, and we are pulling back. I'm delighted that we can pull back because of that economic strength. I'm delighted that our Provincial Treasurer came forward on behalf of this government with a balanced budget, whereby we're not going to leave a legacy of debt to our future generations.

It's going to be interesting to see the type of budget that is brought down by their friends and colleagues in Ontario. It's going to be interesting. I would be willing to wager a nickel that it's going to be billions of dollars in deficit because of the mismanagement over a short period of time by the New Democratic Party in the province of Ontario. We've seen it.



We've seen it in a number of provinces, whereby they take hold of those purse strings and all they can do is think of spending. Spend, spend, spend, just as we hear on a daily basis. We heard it today from the hon. minister of health from Vegreville, whereby again they want to spend more money. Spend more money. It doesn't matter where it comes from; spend it. Who worries about the legacy of debt that's going to be left for our children? Well, we see that we've got a responsibility, and we're going to make sure. Now that we've balanced our budget, we're going to start to reduce that accumulated debt. [interjections] I missed that last question.

AN HON. MEMBER: Where's Grant Devine when you really need him?

MR. ELZINGA: Well, he'll be there when we need him.

I want to thank you, Mr. Chairman. I want to thank hon. colleagues, too, for their participation in dealing with my estimates.

AN HON. MEMBER: Don't forget Patricia.

MR. ELZINGA: Patricia?

I want to also thank members in the opposition for not moving a motion to reduce my salary to a dollar. Last year they introduced that motion. It's obvious I must be improving.

With those few comments, sir, I would sit down and move that we adjourn the debate.

SOME HON. MEMBERS: Question.

MR. CHAIRMAN: The hon. minister has moved that debate adjourn on the estimates of the Department of Economic Development and Trade. All those in favour, please say aye.

SOME HON. MEMBERS: Aye.

MR. CHAIRMAN: Those opposed, please say no.

SOME HON. MEMBERS: No.

MR. CHAIRMAN: Carried.

The hon. Government House Leader.

MR. HORSMAN: Mr. Chairman, I move that the committee rise, report progress, and request leave to sit again.

[Motion carried]

[Mr. Jonson in the Chair]

MR. SCHUMACHER: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions of the Department of Economic Development and Trade, reports progress thereon, and requests leave to sit again.

MR. ACTING DEPUTY SPEAKER: Are you agreed with the report of the Member for Drumheller?

AN HON. MEMBER: Agreed.

MR. ACTING DEPUTY SPEAKER: Opposed? Carried.

MR. HORSMAN: Mr. Speaker, it's proposed that tomorrow in Committee of Supply the estimates of the Department of Public Works, Supply and Services be dealt with, and I will be providing to the opposition members and to the members of the Assembly a tentative schedule for estimates during the succeeding week.

[At 10:15 p.m. the Assembly adjourned to Friday at 10 a.m.]

