

## Legislative Assembly of Alberta

Title: **Monday, June 17, 1991**

8:00 p.m.

Date: 91/06/17

[Mr. Speaker in the Chair]

MR. SPEAKER: Be seated, please.

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

### **Bill 19 Lottery Fund Transfer Act**

MR. JOHNSTON: Mr. Speaker, Bill 19 is a fairly simple Bill and has been encompassed and explained extensively both in the Budget Address and in discussion with the hon. Minister of Public Works, Supply and Services, who, when his estimates were called, also talked about the fundamental policies affecting lotteries. This Bill is not about lotteries. This Bill is simply a transfer of funds from one fund that happens to have a surplus position to the General Revenue Fund. As we pointed out in our Budget Address, this is a substantial source of money.

The reason that we used this was that it was one of the fundamental choices that was before us; that is, the choice between increasing taxes, running a deficit, reducing expenditures, or using this money that was surplus in the fashion I just described. The choice was very simple for the Conservative Party. We could see this as an option whereby we did not increase the deficit, did not have to call upon the revenue potential of the province to increase taxes. Therefore, Mr. Speaker, this Bill simply transfers from one fund to the other an amount that allows us, as part of the fiscal plan, to come with a balanced budget this year.

Accordingly, Mr. Speaker, we would simply move second reading of Bill 19, the Lottery Fund Transfer Act.

MR. SPEAKER: Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Speaker. I'm pleased to be able to intervene, make a few comments tonight at second reading of Bill 19, the Lottery Fund Transfer Act. You know, it's all part of the Provincial Treasurer's strategy to do everything he can this year to pretend or to make it look as if he's been able to balance the budget. What he's really doing here is raiding, I guess, another rainy day fund that's been established and has developed a surplus over the years and use it in a one-shot gamble that he's going to be able to make the books look good, but he doesn't give us any idea of what he's going to do next year to make the books balance. Once \$225 million has disappeared, it's gone and that's it. In fact, for the period ended March 31, 1990, the entire fund had in it \$237 million. So it's fine for him one year to transfer \$225 million, but where is he going to get the \$225 million next year in order to balance the budget? He's not going to have this particular fund to draw on. So it's just postponing the inevitable, postponing the day of reckoning. It's a raid of a fund just to achieve a short-term objective.

Now, there are some good aspects to that, Mr. Speaker, to this extent. First of all, we've always said, on this side of the House, that lottery funds ought to be a vote, an estimate that's put before the Assembly.

MR. PASZKOWSKI: We never said that.

MR. HAWKESWORTH: The hon. member says that I never said that. I don't believe the hon. member was in his place when Bill 10 was introduced by the former minister of public works back in the days when the Auditor General was insisting that the Alberta government properly account for its lottery funds. Rather than bring in a Bill that would bring legislative control over the lottery funds, the current Minister of Energy, the Member for Calgary-Montrose, who was the minister at the time, brought in a Bill that would give himself at that point sole and total responsibility to allocate spending under the Lottery Fund. It didn't require a yearly vote being placed in front of the Assembly for our review and authorization, and it's still a problem that hasn't been fixed.

Simply raiding the fund I guess reduces the amount of money that's at hand for the minister to use as a slush fund, but it still doesn't solve the problem and doesn't restore legislative accountability on a yearly basis in the estimates for the spending of the Lottery Fund. One of the things that has happened is that the Lottery Fund financial statements are now reproduced in the public accounts, but that's just an after the fact kind of reporting; it's not an authorization being requested of the Legislature. So I continue to say, Mr. Speaker, that lottery funds have not had a proper legislative review, don't get a proper legislative review, and simply to transfer the bulk of the surplus in the Lottery Fund to the general revenue account for this year perhaps avoids the magnitude of the future exploitation that this government has over the fund, but it doesn't solve the basic principle.

Mr. Speaker, the other thing that many Albertans have said to me about lottery funds is that when lotteries were first established as a source of revenue for governments back in – I guess it was probably in the early '70s when the first lotteries were established – many Canadians and many Albertans believed that the proper use of those funds would have been to support our health care system. Now, I suppose that in an indirect way for the Provincial Treasurer to take \$225 million into the General Revenue Fund – a way of justifying that expenditure is that it's going to be used by the government to pay some health care costs. I would have felt it would have been a better use of the money – it would have accomplished perhaps the same purpose, but it certainly would have had a lot more public support – if the Provincial Treasurer had somehow earmarked this \$225 million to offset particularly the budget of the ministry of health care. That way people, Albertans, the public, would have I think given a lot more support to that particular use of the lottery fund.

The way the Provincial Treasurer has approached this question has been almost a desperation effort to raid the cookie jar in order to tell Albertans that somehow he's accomplished something here, and that's that he's balanced the budget. But it's like raiding a rainy day fund, a special savings account that you've got stashed away, and it leaves Albertans feeling that there's a desperate atmosphere surrounding the Provincial Treasurer's decisions and actions in this case, when they could have accomplished somewhat the same ends had they earmarked it or matched it in some way to the spending in our health care system.

There's no doubt about it; the health care budget does take up a lot of the money that the Provincial Treasurer spends each year. If he had matched even that \$225 million, it wouldn't have anywhere near covered the cost of the health care system, but it could have been matched perhaps more directly to some of the capital spending in this year's budget under the health care program. It could have been perhaps matched to offset the

increased costs of, say, the home care program. It would have been a politically supported and politically popular action by the provincial government to use and match the \$225 million specifically for health care funding, because, after all, that's what most Albertans have felt our lottery funds and our gambling revenues ought to be earmarked for. That was their understanding when the lotteries were first established.

**8:10**

Mr. Speaker, I should put another thing on the record, and perhaps the minister of public works will be able to provide some light on this question. When the commitment was made for the community facilities enhancement program, it was established as a \$200 million program, and it was to run out in October of this particular year. Now, the question is: once the surplus of the Lottery Fund has disappeared, will there be any effort by the provincial government to either extend that community facilities enhancement program or replace it with another program, or are they are just getting out of the community facilities business altogether, certainly as far as the use of lottery funds is concerned?

As I say, if it continues to be used as a slush fund and not brought under the Legislature's review, it could be an important question or an important issue for it to be replaced with another program that has a more extensive review by the Legislature. That would be a significant improvement. If it continues on as it presently is constituted, it certainly provides lots of support and funding for various community facilities across the province. I would like to know what form it would take and whether the Legislature will have any say this time round over how that program is organized and constituted and delivered. I think there are a lot of communities out there in our province, lots of worthy organizations that have applied to the minister or are contemplating applying, and the program may be oversubscribed.

The question raised by this transfer of \$225 million is this. It means that the large bulk of that Lottery Fund will virtually have disappeared, and there's a question of whether there'll be any money left for an ongoing program for community facilities enhancement. If there's not, I guess it means that a lot of people are going to be disappointed. On the other hand, if the minister is considering some extension of the program, now might be a good time for him to give us some indication of what his thinking on that is.

I would just emphasize again, Mr. Speaker, that regardless of what form lottery funds spending takes in the coming year, what's long overdue is legislative review and legislative authority for that spending. I would use this opportunity tonight to repeat my concern to the government that there's an important principle that's at stake here, and I would hope that they would move speedily to ensure that the Legislature has proper review.

I would say in conclusion, Mr. Speaker, that the overriding issue is that once the surplus is blown, it's gone. The cushion to act as a shock for next year's budget will have been depleted; it will have disappeared. I think it's really quite extraordinary for the Provincial Treasurer to say that he's balanced the budget by raiding a savings account and drawing virtually all of it down in one year and then going to the people of Alberta and saying that the budget is on the right track. This track has just disappeared, and there's nothing for the budget next year to go to in order to have that cushion. I just simply say that it certainly leaves us with the impression that the Provincial Treasurer is desperate here. He's using every little angle and every little opportunity and every little fund he's got at his hand in order to present a balanced budget to the people of Alberta. It simply leaves me

with the feeling that we don't have any clear direction of where this budget is going for next year or of the ongoing budget plan for the government, because once the surplus has disappeared, it's gone.

**MR. SPEAKER:** Additional?  
Calgary-Buffalo.

**MR. CHUMIR:** Thank you, Mr. Speaker. I'm pleased to speak on Bill 19, the Lottery Fund Transfer Act, although I must say that I'm amused, baffled, and ambivalent about this legislation. Why am I baffled? Well, I wonder whether the Provincial Treasurer realizes what he's doing here. I mean, he's actually putting lottery moneys into the General Revenue Fund so that future expenditure of these funds will be subject to the approval of this Legislature. Heaven forbid. For years the government has amused the Legislature and the province and indeed those across the country who follow these issues by arguing that lottery funds partake of some magic, nonrevenue, noncash quality and that it would be virtually improper, wrong, to have the Legislature deal with these lottery funds as normal budget expenditures, never mind having part of the lottery funds as part of the General Revenue Fund per se.

I well remember some few years ago the former Minister of Career Development and Employment, now the Minister of Energy, regaling this House with his ridiculous rationalization as to why lottery expenditures should not be dealt with in a manner which brings them before the Legislature at the time of expenditure for authorization of such expenditures in the same way as all other expenditures are brought before the Legislature. I recall that in response to our suggestions that they should come before the Legislature, we heard the minister telling us: "Well, no, they shouldn't come before the Legislature because lottery revenues are uncertain. They vary. You never know how much they're going to be in any given year, and we couldn't possibly deal with them as normal revenues." Of course, the minister had no answer when we said: "Well, gee, that sounds very much like the nature of energy revenues, of which we have \$3 billion some years, 3 and a half billion dollars others, 2 and a half billion dollars, \$4 billion, about as uncertain as can be." I thought that perhaps we'd be moving in the other direction, kind of dealing with energy revenues perhaps in the way lottery funds have been dealt with in the past rather than moving in the direction in which we're going.

Then, of course, we had another rather amusing argument that lottery revenues reflected voluntary payments on behalf of members of the public. They're not really revenue because they're voluntary; an individual doesn't have to buy lottery tickets. Again we had no response to the suggestion and the question that was posed to the minister: "Well, if that then is the case, are you going to take the \$350 million or so that we receive in revenues annually from liquor sales through the Alberta Liquor Control Board out of the general budget process so that the Legislature no longer need deal with it?"

Of course, these arguments were all nonsense, Mr. Speaker. They reflected a convenient rationalization of the government which was intended to justify decisions with respect to Lottery Fund expenditures in the back rooms of the Tory caucus. Never mind that such a process was totally contrary to the constitutional convention that supply is to be voted in the Legislature by the elected representatives of the people. Never mind that this was a clear weakening of the democratic process, which has to be the primary trust of any group of elected representatives in a democracy. Never mind that it encouraged the minister in

charge of lotteries, whoever that might be at the given time, to think that the lottery funds were tantamount to a private slush fund of the Progressive Conservative Party, not moneys which belonged to taxpayers, and leading to the ultimate absurdity of one of the ministers of lotteries going out and buying briefcases only for Progressive Conservative members because, of course, this is Progressive Conservative money. It led to the mind-set of having our provincial lottery corporation go out, as we discovered, to buy several tickets to the Premier's dinner. Yes, when we raised this, the decision was reversed and there was reimbursement, but it was a very revealing instance of just how the lottery corporation and the lottery revenues are regarded by the government and by the people who they appoint to deal with these funds.

8:20

So we see, Mr. Speaker, that for a number of years the government stonewalls and does everything possible to keep these funds in the back rooms of the Tory caucus, and then all of a sudden we get a change. What's happened? Why do we get this change? Why is this unspent pot of \$225 million transferred into the General Revenue Fund? What happened? Well, what happened is that the government found out, as usual, that there's no free lunch. It's kind of like Newton's law, the equal and opposite reaction. Yes, you get some benefits of keeping the moneys out of the General Revenue Fund, but lo and behold, if you run a little bit short on revenue and there's a lot of red ink, the numbers don't look very good. By golly, it's kind of inconvenient if you can't include the extra revenues that you have in order to reduce the budget deficit, particularly if that budget deficit is the biggest problem the government has and if the Provincial Treasurer is beginning to look like the Ronald Reagan of Canadian politics. So now we see a total U-turn by the government with respect to these funds, and we're going to see a transfer of this \$225 million to help give the Provincial Treasurer's budget document a once and for all kick of \$225 million in order to help him with the charade, the mirage that we have a budget surplus, which of course we all know is rhetorical nonsense and nonsense upon stilts.

Well, Mr. Speaker, in my view this is a good move. The legislation is positive in the sense that the expenditures of this money will now have to be brought before the Legislature, and despite the limitations in the budget process in this House – and, boy, are there limitations – the scenario that will be the case after this Bill is enacted is a better one than it was before. That's where the ambivalence comes in. The ambivalence is that I'm pleased to see the funds moved into the General Revenue Fund, but one can't help but note that the reality, the impact of this once and for all transfer of \$225 million which has accumulated over a number of years is that the revenue is overstated for this taxation year, which I'm sure is very appalling and disturbing and depressing and upsetting for the Provincial Treasurer. Obviously, this should have been revenue, and to be fair, if this had been brought into revenue over the previous years, it would have reduced the accumulated debt and the deficits in earlier years. It should have been brought in as revenue over the earlier years and would have had that impact, and of course the expenditures that have been made should have been made under that same convention, the same rule.

The effect of this, of course, is that the total flow of the public accounts, what our revenues and our expenditures are, is being reported in a very misleading and a very incomplete way for Albertans, who are not going to be able to understand exactly what's going on. Of course, we have many of these situations in

which Albertans have been misled by somewhat targeted or special accounting. The heritage fund reporting, which we have spoken of very extensively in this House, is one of those means, Mr. Speaker. The Capital Fund changes in '86 are another.

The obvious answer, of course, and what we would suggest, is that the whole system should be changed so that all lottery revenues are brought before the Legislature, are treated as income, and all expenditures are run through the Legislature. Now, putting them into the General Revenue Fund is one way of doing it, perhaps the most sensible way, but one could have a separate lottery pot which could be brought before the Legislature for approval of the expenditures and could be treated as revenue. That's just a matter of definition in our legislation. So we have the options of General Revenue Fund or special lottery fund. The real option that we shouldn't have is the status quo, which gives us the worst of all worlds, leaves the expenditures within the back rooms of the Tory caucus to be abused, and when funds are put into the General Revenue Fund, it's done on a basis that totally distorts the public accounts.

So it's all very amusing, Mr. Speaker, to see the government twisting and squirming and changing directions so suddenly on this matter. A very limited congratulations, a one-handed clap for the Provincial Treasurer. You know, perhaps one of these days he'll see the light in respect of the rest of the Lottery Fund.

Thank you.

MR. SPEAKER: Vegreville.

MR. FOX: Thank you, Mr. Speaker. I'd like to correct what I believe is a misunderstanding on behalf of my learned friend from Calgary-Buffalo, who describes himself, I think, as being bewitched, bothered, bewildered, bedeviled, besmirched, buffaloeed: all these alliterative descriptions of himself. I think he's reading something into this Bill that isn't there, and that is the eventual accountability of the moneys that are allocated to various lottery funded foundations in the province. I don't see that in the Bill here. The Bill, as I read it, merely proposes to transfer \$225 million from the Lottery Fund to the General Revenue Fund without any proscriptions about what would happen to the money after that point. So I think he's perhaps projecting a little bit, imagining what he would like to have done with that money.

It's difficult, Mr. Speaker, to imagine exactly what the principle of this Bill is. In a traditional parliamentary forum we're not supposed to discuss the clauses of Bills in second reading; that's for committee stage. But there is only one clause in this Bill, and I've described the essence of it: that we transfer that money. The purported purpose, as enunciated by the Provincial Treasurer in his debate, is that we do this because it's time that this move be taken, that the surplus money in the Lottery Fund be moved to the General Revenue Fund, that it prevents the province from being deeper in debt this year. That's what he posits the principle of the Bill to be.

8:30

However, I don't quite agree with his interpretation of the principle of the Bill, Mr. Speaker. I think the principle of the Bill is to do what most of these money Bills on the Order Paper are attempting to do and indeed what – well, we can get into that in Bill 45 later on in this evening's debate. The principle of them collectively, and certainly this one very clearly, is to give the Provincial Treasurer and the Premier and government colleagues the opportunity to beat their collective chests about the so-called mythical balanced budget in the province of

Alberta. It's a matter of getting out the abacus and doing the calculations, determining first of all the political landscape, the political requirements or needs of the Conservative Party at a given time, and then adjusting things so the numbers fall in place.

They did it last year. As I remember, the Premier was under some degree of pressure going into a leadership review or some kind of conference in Calgary. This was before your survey, hon. Minister of Education. They needed to come up with some sort of announcement that was dramatic, and the announcement was going to be that the deficit in Alberta had been reduced by a billion dollars. Well, that's not easy to do, especially when accounts are hemorrhaging, so they had to come up with some figures to justify that amount. Again, I can go into that in a later debate, but this is what we're seeing this year as well. There is a desire on the part of the Provincial Treasurer to claim that he's got a balanced budget so they can brag about a balanced budget and hopefully deflect the attention of Albertans away from the more substantial concerns about job losses and their individual conditions in the economy and all of the attendant cuts to many vital programs that have come along with this budget.

They want to pretend that they've got a balanced budget. How do you do that? You have to engage in a little bit of fiscal sleight of hand, Mr. Speaker. I think the Lottery Fund Transfer Act is just one little piece in that puzzle. The Provincial Treasurer realized that he was about \$225 million short of having what on paper could appear to be a balanced budget, so they decided to transfer money from the Lottery Fund to the General Revenue Fund for this year only.

I don't think it heralds the dawn of a new era of accountability with respect to the way the government manages lottery funds. I don't think it indicates in any way that members of the government, members of the opposition, indeed the people of Alberta will have any beforehand opportunity to examine the proposed expenditures of lottery funded foundations. I don't think it meets the test of recommendations made by the Auditor General over the years with respect to accountability and accounting. The sole purpose is to give the Provincial Treasurer the opportunity he needs to pretend, at least for the length of time it takes him to read his Budget Address, that we've got a balanced budget in the province of Alberta.

For that reason, I don't support this Bill, Mr. Speaker. I don't support it at all, because I think it is nothing more than fiscal sleight of hand. There's no sincerity behind this Bill. There's no overriding or honourable principle behind this Bill, and I don't support it. I would support it if it did indeed herald the dawn of a new era where we were going to inject accountability into the generation and expenditure of lottery funds, because we have argued long and hard on this side.

Now, I know that the Member for Smoky River over there would not remember this because he was not a member of the House when we had debate on Bill 10, the lottery fund amendment Act. Mr. Speaker, that was a very important debate, and I'll tell the member just very briefly about it because it relates to the principle of this Bill. That Bill was a very important one because I believe debate on that Bill was the first time in decades that the government used the parliamentary tool called closure. Now, you saw closure last year.

MR. TAYLOR: They invoked closure for the labour Bills.

MR. FOX: This predated the labour Bills the same year.

Closure is something that's used on very rare occasions in Parliaments in Canada and in some Legislatures not all. It was used, I think, two or three times on the lottery Bill that year, and it was used three to six times on the labour code. So it was a Bill that we fought. We put some energy, some compelling arguments in there. The only way the government could cope with those arguments was to use the brute force of the parliamentary majority and close debate down under closure. In some senses we have an opportunity to revisit some of those discussions tonight in the context of our debate on the Lottery Fund Transfer Act, because the Provincial Treasurer has invited that kind of debate with his proposal to transfer this \$225 million into the General Revenue Fund.

[Mr. Jonson in the Chair]

We as opposition members have to be very careful when we talk about our desire to see accountability in the management of the funds of the province of Alberta. Whenever we suggest that due process, proper procedure with respect to lottery funds ought to include an opportunity to debate those proposals in the Legislature, whenever we suggest that centuries-old parliamentary tradition that elected members ought to have the opportunity to examine and debate proposed expenditures, whomever the minister of lotteries is at the time will jump to his or her feet and say: the opposition doesn't support the expenditures of any of this money in his or her constituency; how can they be such awful people? Well, that's not the case. That's never been the case.

I've stood in my place on many occasions, and I'm not whining about briefcases or, you know, some of the things that some of the other members of the opposition complain about. What I've said repeatedly is that we recognize that all of the foundations that are funded by lottery funds in the province are worth while. They do a great many worthwhile things in the province in everybody's constituencies. They help a lot of important projects, be they cultural, artistic, historic, or community oriented. We all acknowledge that. I saw the hon. minister responsible for major exhibitions, lotteries, and fairs on television the other night challenging members of the opposition to deny that they'd made requests to him and that he'd helped them. Well, I can't deny that, because he has. He's listened when people have brought requests to his attention, and he's used the lottery funds, perhaps a bit capriciously for my tastes, but generally the money is spent around the province, and I've acknowledged that. That is the underpinning of what's to come out of my mouth, Mr. Speaker: these foundations do spend money well, do spend money on projects that are of benefit to the people of Alberta, and we don't oppose that at all.

What we do oppose is the lack of accountability, the lack of opportunity for the 83 women and men that are elected by Albertans to represent them in this Legislature to scrutinize those spending proposals, to debate the proposed expenditure of those moneys, and to weigh them against some of the other priorities enunciated by the government of the day in the Speech from the Throne and the accompanying budget.

MR. PAYNE: Can we get back to the Bill, Mr. Speaker?

MR. FOX: The member for fish pond is welcome to get up and participate in the debate if he'd like.

MR. JOHNSTON: Order.

MR. FOX: Order? Listen to the Provincial Treasurer. The Member for Calgary-Fish Creek is welcome to get involved in this debate as is the minister responsible for lotteries, whom I feel is being cut off at the knees by the Provincial Treasurer by this Bill. I'd like to hear his comments on that.

We advocate accountability, Mr. Speaker, because we think a very basic and important principle of parliamentary democracy is that the people who are elected to represent, in this case, the province of Alberta must have the opportunity to debate in an open public forum the proposals that government advances to generate money, the collection of money, and the distribution of money. That's a very basic and important time-honoured principle, and it's been violated time and time again by this government, which seeks to have some offside slush fund they can access when it suits them. That's why we've advocated accountability. That's why we've wanted the lottery funds to be scrutinized in the same way that all other funds are scrutinized: through the budget process, albeit very limited, of the provincial Legislature here. We think that's very important.

8:40

Even though there's some desire expressed by Albertans to use lottery moneys for essential service funding like hospitals and education and health care, I personally feel that things that are as basic as that to the operation of the province and the well-being of the people of the province should be funded in a very reliable, stable way through basic budgetary commitment.

I like the process whereby surplus lottery funds are used to support foundations that involve themselves in cultural, historic, recreational, and community activities. I like that process, Mr. Speaker. It wouldn't bother me if we had, let's say, a separate lottery fund into which funds flowed as long as we had an opportunity to discuss the acquisition and proposed expenditure of those funds and perhaps an opportunity to review in the context of that minibudget, if you will, the Wild Rose Foundation, the Alberta Sport Council, the Alberta Historical Resources Foundation, the Recreation, Parks and Wildlife Foundation, and a variety of other organizations that are used to funnel money from the Lottery Fund into communities in the province of Alberta.

It's the principle of accountability that we defend; it's not griping about the way moneys are spent. We recognize that many worthwhile projects and communities are helped in important ways. It's just the accountability that we seek, and this Bill fails that test, Mr. Speaker, because there's no assurance in here that the surplus revenue generated through lotteries will flow into the General Revenue Fund. There's no assurance here, contrary to what my learned friend from Calgary-*Buffalo* says, that we will now have a chance to examine proposed expenditures related to lotteries with the same sort of examination that we subject other things in the General Revenue Fund to.

MR. CHUMIR: Exactly. It's \$225 million . . .

MR. FOX: No, it's not. It doesn't say that there. You're just dreaming.

MR. CHUMIR: How do you approve an expenditure with moneys that are in the . . .

MR. FOX: This isn't an expenditure, hon. Member for Calgary-*Buffalo*; this is requesting the approval of a transfer of money into the . . .

MR. JOHNSTON: Who are you talking to, Derek?

MR. FOX: The Member for Calgary-*Buffalo*. He's just lucky we didn't vote on this before any of them showed up today.

I would like to have perhaps some explanation. I may be convinced to support this Bill by arguments that the Minister of Public Works, Supply and Services, responsible for lotteries, may advance. If he can tell us what's happening to the worthwhile foundations that have been funded, what he envisions happening to this \$225 million, what's going to happen next year, do a little bit of a projection and an analysis and tell us what we can expect in the future, convince me that this isn't just a little bit of political subterfuge on the part of the Treasurer to give the impression of a set of balanced books so that he can brag about that to the people of Alberta, I might consider supporting this Bill, Mr. Speaker.

MR. McEACHERN: It looks like the government side doesn't have any good arguments in favour of this Bill. They're just going to sit in silence and pass it. Oh, well, typical and usual.

Mr. Speaker, I would also be tempted to vote in favour of this Bill because it is in a sense a move in the right direction; that is, it moves lottery funds into the general revenue account. That's something we fought hard for in Bill 10 a few years back, as everybody knows. In fact, we went to the wall on it, and the government forced Bill 10 through with closure on all three readings. One might think that we on this side of the House would be glad to see you moving in the right direction, but in fact it's just tokenism, and it has no intentions. If this Act also said that they were going to move all of the future revenues along with the \$225 million, then we on this side of the House would support it, but since it's just a one-shot thing, it's nothing more than a cynical move which highlights the fact that they don't intend to move the revenues on an ongoing basis into the general revenue account.

All expenditures of the government should be properly accounted for and should have to compete for the same dollars in the same budget. I just want to point out to the assembled members, those that are awake and listening, that in fact there are a lot of dollars spent by this government that don't go through the budgetary process. Let me just point out a few of them. For instance, the heritage trust fund expenditures, some \$109 million this year and \$157 million last year, don't go through the normal budgetary process. They have a separate one of their own. Now, some might argue that in fact we have more time on that and therefore an even better chance to debate them than the general revenue account expenditures, and in a dollar per minute case comparison that's true.

The fact of the matter is that because the funds are out of the heritage trust fund, there's some kind of feeling on the government side – at least I'd assume so – that they don't have to compete for the same dollars that all the other expenditures out of the general revenue budget have to compete for, so those projects don't have to be as vital. That's wrong. It's the same for the lottery expenditures. The cultural and sports programs, the heritage programs: those kinds of expenditures out of the lottery funds are worthwhile enough expenditures, but they should have to compete for the same dollars and in the same budgetary process as the rest of the dollars spent.

These \$225 million are going to get thrown into that pot, but the ongoing expenditures in those fields will not. If you take that lump sum away, it seems to me that this rather capricious move also means that if we get a few years when the lottery funds don't pull in as much money, you have no reserve left to

make up those differences, to keep some kind of stability in the areas of cultural and arts and sports and community league expenditures, those kinds of things on which lottery funds are traditionally spent. So I don't accept this Bill as being a mark of good faith that the government really intends to reform its ways in terms of lottery expenditures. I just see it as a one-shot thing for the Treasurer to try to get a little closer to balancing his budget, even if he is going to be a billion to a billion-and-a-half off even with this \$225 million. It's certainly no reason to support this legislation.

It's also true that the Capital Fund is another section that doesn't get the same kind of scrutiny and have to compete for the same dollars, and that's okay. That is the one fund that it is legitimate to split off from the yearly expenditures. The Capital Fund expenditures can then be amortized over a number of years and are different in kind and essence from the expenditures in the budget. The lottery expenditures are not and therefore should be in that same pot. The same with the capital projects division of the heritage trust fund, which I mentioned a minute ago. They should also be in that same pot and have to compete for dollars out of that same pot of money.

I would like to also point out that this government has got in the habit, particularly in recent years, of pouring a lot of money into a lot of projects that are never approved in this Legislature at all. I'm talking about loans, loan guarantees, and investments, particularly on an ad hoc basis. [interjection] It's true. This government commits a lot of taxpayers' dollars in those areas without passing them through the budgetary process. Now, it is true that at least the programs are approved in this Assembly by various Bills, you know, to set up Vencap or fund the Alberta Opportunity Company. The export loan guarantee program has its basis in legislation through this Assembly, but a lot of the ad hoc funding is just out of the blue. This government spends an incredible number of lottery and heritage trust fund dollars, and they commit to loans, loan guarantees, and the investment of taxpayers' dollars on a massive scale without the approval of this Assembly.

8:50

This kind of Bill, which is just sort of a token thing of the Treasurer trying to grab a quarter of a billion dollars so he can make his budget look a little more balanced, is just the wrong way to go. It's just a cynical move, trying to close the gap a little bit on a one-year, one-shot thing. As a matter of fact, in terms of funding some of those programs that the lottery dollars fund, it will take away any flexibility they might have. If they have a bad year, they won't have a reserve to fall back on. It's a mistake to do this.

If the Treasurer wants our support, he should not only move to take the \$225 million in but he should move to take all lottery funds into the general revenues, and then he should plan to spend those dollars in the areas of culture and sports and so on through the regular budgetary process. Mr. Speaker, they should have to compete with all other programs for the revenues of this province.

For those reasons, I for one am going to vote against this Bill.

MR. ACTING DEPUTY SPEAKER: Will the hon. Provincial Treasurer close debate?

HON. MEMBERS: Question.

[Motion carried; Bill 19 read a second time]

## Bill 42

### Tobacco Tax Amendment Act, 1991

MR. JOHNSTON: Mr. Speaker, I want to move second reading of the Tobacco Tax Amendment Act, 1991.

Again, this legislation is not very complex. I'm amazed at the extent of the arguments involved in a very simple piece of legislation, so I can expect that we'll have some words of a similar type. Those who would oppose this Bill would be curiously included with the same ones who opposed the other simple Bill, the transferring of money into the General Revenue Fund as opposed to increasing tax, so I suppose that in this case I'll be surprised to see how they respond to it.

Nonetheless, Mr. Speaker, the amendment itself simply reflects the increases in the so-called cigarette and tobacco taxes, which were imposed on April 4, 1991, as part of the fiscal plan. There are also some other smaller adjustments, but fundamentally that's the principle of this Bill: not very complex, very straightforward.

I move second reading of this Bill.

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

MR. HAWKESWORTH: Thank you, Mr. Speaker. Well, more words of wisdom from the opposition. The Provincial Treasurer may be shocked, but I for one am going to be pleased to support him on Bill 42, the tobacco tax.

MR. PAYNE: No shock.

MR. HAWKESWORTH: Well, I'm glad the hon. Member for Calgary-Fish Creek isn't shocked this evening.

I just want to say that sometimes fiscal policies, tax policies can have a variety of results. One objective, of course, is to raise more revenue, but hopefully there's a side benefit to all of this, Mr. Speaker, and that is the discouragement of more Albertans from smoking. Hopefully it will be that incentive which gets more Albertans to kick the habit, kick the butt, so to speak, and stop smoking.

To the extent that this tax increase has that effect, Mr. Speaker, the result may be, for all we know and if enough people make the decision, an actual decrease in the revenue the Provincial Treasurer takes in from the sale of tobacco products. From his point view it might not be such a good thing to lose money on the tobacco tax, but I think for the long-term health of Albertans that would be the right direction for this tax to go. After all, it is basically a voluntary tax. If you choose not to buy tobacco products, then of course you don't pay the tax. If you do, then it may be time that you start paying a tax that reflects what the future costs might be to our health care system in looking after those many Albertans who do smoke. When the time comes to, I guess, face the consequences of a smoking habit, it's our health care system that pays the price to some extent by looking after or helping people facing disease as a result of smoking, so the more they pay in tax now is a way of paying in advance to some extent for the use of our health care system.

My other concern, Mr. Speaker, is not just those who smoke, but it's those who are near people who do smoke. I was interested to read a recent news article that reported on a draft report sponsored by the Environmental Protection Agency in the United States, which has concluded that secondhand cigarette smoke kills 53,000 nonsmokers a year in the United States, and

that includes 37,000 deaths from heart disease. The EPA emphasizes that these are not actual figures; they're based on an estimate based on some work and research that has recently been concluded. It made some points that secondhand tobacco smoke contributes substantially to indoor air pollution, elevating airborne levels of pollutant particles and such dangerous substances as benzene and carbon monoxide.

Mr. Speaker, the Provincial Treasurer's doing all of us a favour if he can convince hundreds or indeed thousands of our fellow citizens in Alberta to give up the habit. Because of his tax increases, they may simply decide that they can't afford it anymore, and that will be of benefit not only to them and their health but to those of us who are exposed to their tobacco smoke.

With that, Mr. Speaker, I'd just like to make one observation. The Speaker's office itself has made a tiny step forward in this area as well. I noticed that no-smoking signs now greet visitors and people who work here in the Legislature Building as they enter the main doorway. You can see there at the visitor services reception area a couple of small signs saying "No Smoking." I gather that that small area is now off limits. That's certainly a start. Hopefully, before too long – and we're working on our House leader at the moment – the entire Legislature can be designated nonsmoking. I hope the hon. assistant Government House Leader will be convinced to give up his pipe too. I can see his colleague from that other riding in Lethbridge is doing his best tonight with Bill 42 to make him pay his fair share for his habit. I commend the Provincial Treasurer, and I look forward to approval of this Bill, Mr. Speaker.

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

MR. CHUMIR: Thank you, Mr. Speaker. I rise to support this legislation. Of course, it's not popular with smokers, but it does tend to cut smoking and in some ways compensate society financially for the health problems that are created for those who smoke and indeed, as was mentioned by Calgary-Mountain View, health problems that are created as a result of secondhand smoke breathed by those who are in the vicinity of those who smoke.

I have one concern about the Bill, and that has been raised by the Action on Smoking and Health group doing such good work here in Edmonton. That concern is that the tax on bulk tobacco, which is raised as well by this legislation, is still lower in a relative sense than the tax on rolled cigarettes, and it thereby encourages roll-your-owns, which tend generally to be utilized by lower income people and thereby encourages their use. So that is a bit of a quibble with the legislation. Perhaps the Provincial Treasurer will see in there the opportunity to scoop a little bit more revenue, and we'll see some equity or balance brought into the taxing framework for those different types of tobacco.

I share the views expressed by the Member for Calgary-Mountain View as well as to the need for some action with respect to protecting nonsmokers from secondhand smoke. This is the right to clean air. It's a protection of that right of individuals who are at work or otherwise in areas where smoking is allowed to take place. I would like to congratulate the Speaker for the new initiative that I noticed as well several hours ago with respect to the no-smoking signs at the front lobby added now to the imprimatur against smoking in the Legislature, which was agreed upon sometime last year. We're starting to

make some tiny progress in that direction of good health, and I certainly endorse that.

9:00

SOME HON. MEMBERS: Question.

MR. ACTING DEPUTY SPEAKER: Ready for the question? The Member for Vegreville.

MR. JOHNSTON: Aw, come on. You don't care about this.

MR. FOX: Mr. Speaker, the hon. member should not deny me my opportunity to speak on this Bill. I want to bring some representations to the Provincial Treasurer given to me the other day by some students in Tofield. I met these students. I took them pictures from their visit to the Legislature. I dropped off grad scrolls for the grade 12 students, and I asked them if there were any questions, any representations they'd like to make, any advice that they'd like to offer me that I could offer the government. One of them said that he wanted . . .

MR. JOHNSTON: They said, "Change parties."

MR. FOX: Now, this is not Lethbridge-East we're talking about. This is the Vegreville constituency. These kids have been raised in an era where they don't even know what Conservatives are, hon. Provincial Treasurer.

The representation anyway. There was one young man there who suggested that we should lower the provincial tax on cigarettes. I put it to a vote among the students, and there were several of them who felt that way. I need to point out that they're all smokers, and I defended the Provincial Treasurer's initiative. I told them I thought it was important to increase the tax in the hope that it would be a deterrent and to more accurately reflect the kind of damage that is done to humanity by smoking and people who smoke.

[Mr. Deputy Speaker in the Chair]

I heard an interesting story on the way into town this morning, Mr. Speaker. A learned gentleman talking about the incidence of heart attack was asked by the interviewer: based on your studies, what are the three prime causes of heart attacks in Canada? He said: number one, smoking; number two, smoking; number three, smoking.

AN HON. MEMBER: NDP Party.

MR. FOX: That's "sic." That's really "sic."

Anyway, the top three causes of heart attack in Canada according to this expert were smoking, smoking, and smoking. So I'm in favour of the Bill and just wanted to bring that representation direct from my constituency to the Provincial Treasurer for his consideration.

HON. MEMBERS: Question.

[Motion carried; Bill 42 read a second time]

#### Bill 45

#### Financial Administration Amendment Act, 1991

[Adjourned debate June 12: Ms M. Laing]

MR. FOX: Mr. Speaker, the hon. Member for Edmonton-Avonmore isn't here. Did I hear you correctly, that she adjourned debate on Bill 45? Was that what you said?

MR. DEPUTY SPEAKER: Yes, you did. She did.

MR. FOX: Just checking.

MR. DEPUTY SPEAKER: The hon. Member for Vegreville was rising on a point of order?

MR. FOX: Just a point of clarification.

MR. DEPUTY SPEAKER: The hon. Member for Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Speaker. The Treasurer brought in Bill 45 this year, and I couldn't help but smile. I forget the number of the Bill last year; I think it was 19. Yeah, that's right; it was 19. Last year he needed to borrow a couple of billion dollars more, and he had borrowing power at March 31 of 1991 of \$9.5 billion, and he had a budget that just had a deficit, according to him, of a billion dollars. So we said to the Treasurer, "Now, why would you need \$2 billion more borrowing power if you're only going to have a deficit of a billion?" Oh, well, he needed some flexibility. We laughed, and I pointed out to him that at December 31 of '89, the Treasurer had only borrowed \$8.1 billion; therefore, he had almost a billion and a half dollars of flexibility for a three-month period. He might have spent some or borrowed some in that time, but he had certainly a certain amount of flexibility there, like about a billion and a half for that three-month period. Yet somehow he still needed even more flexibility, and he needed to borrow \$2 billion more. But oh, no, no, he wouldn't need it all. No, he wouldn't need it all.

Well, guess what, Mr. Speaker? If you look at the Budget Address of the Treasurer, you will find that in fact in the nine-month period from March 31 of 1990 to December 31 of 1990 the Treasurer borrowed \$2 billion. Two billion dollars in that nine-month period. Now, we know that he also – here it is on page 41 of the budget speech – borrowed \$500 million in February of this year. So that means that in the fiscal year '90-91 the Treasurer borrowed a full 2 and a half billion dollars.

Now, when he said that he would not need the full \$2 billion and that he would have a little flexibility there, obviously he was kidding us. He really did know that he needed every cent of it and then some. Furthermore, he has now borrowed another \$500 million since then, in June of this year. So this government has borrowed \$3 billion in the last 15 months. When he tries to tell us that he needs this \$2 billion in this Bill 45 – well, you know, he's going to have to do a little rollover and he's going to need it temporarily – there isn't anybody in this room that believes him, and there are very few people in the province that are stupid enough to believe him. I mean, some might that don't know, but really it's just incredible that he should try to pass off that kind of nonsense.

[Mr. Speaker in the Chair]

Now, when the Treasurer introduced this Bill, he took time to have a little go-around at a lot of things about the government's policies, its economic policies, how wonderful the economy was in Alberta, and that kind of thing. So I wanted to make a few general comments in that light first, and then I'm going to get

into some more details about the borrowing of this province and the patterns and the whole reason why it is just nonsense that the Treasurer says he doesn't really need this \$2 billion, that he's really got a balanced budget, and that he really doesn't need it except just to make sure that he doesn't get into any trouble in rolling over some of the debt.

The Treasurer spent some time talking about tax revenues and projections. His budget, with this balanced budget that he talks about, has some problems, as I pointed out before, and I'll just quickly point them out again. In fact, he's overestimated the income tax section. If you look at the numbers for '89-90 which are actual and the estimates for 1991 and the forecast and so on in both the personal income tax and the corporate income tax, it's quite interesting to note that he overestimates corporate income tax on a fairly regular basis to make it look like he's going to take more money from the corporations than he does, and he normally underestimates the personal income taxes. It's that idea that somehow the economy of Alberta is booming along and we're going to have this big growth of tax revenues that is really in some ways at the heart of the Treasurer's budgetary problems.

#### 9:10

Another one, of course, is the nonrenewable resource revenues. He's overestimated those in oil by some \$200 million; in gas, by some \$200 million; in Crown leases and bonuses, some \$150 million there. Then in the heritage trust fund, he's estimated he's going to get 1 and a half billion dollars. Now, he might do that, but if he does, he's going to have to sell off some of the trust fund. It's not going to be just investment income earned, because \$12 billion will not produce him 1 and a half billion dollars in this particular interest rate climate that we have right now.

It's interesting to note that on the expenditure side, he says that a \$12 billion deficit is only going to cost him \$1 billion. Now, how he thinks there's going to be \$500 million difference in what it costs him for \$12 billion of borrowing and how much he's going to make on \$12 billion of heritage trust fund assets, I don't know. When you consider, Mr. Speaker, also that about \$3 billion of those assets are in three losing Crown corporations and that in order for them to make the money and make their payments, he's going to have to just roll that debt over to the future – he's going to have to take money out of the general revenue account to put into the heritage trust fund account so they can make their payments back to the general revenue account – I mean, it's an incredible circus, a little circle that his dollars go around and around in. That 1 and a half billion dollars that he's hoping to get, even if it does turn out to be there on paper, is going to be a lot of our own money just coming back around from one pocket into the other and back again in a silly circle.

Basically, the Treasurer has bragged that the economy – and I wanted to take a few minutes on this – was all wonderful and that these tax revenues would be up. I think that's one of his fundamental mistakes in his budget and one of the reasons why he's not going to have a balanced budget. There's another fairly simple reason, and that is, of course, that he hasn't included the cost of the Capital Fund for this year, some \$215 million. So automatically his \$33 million is not a balanced budget; it doesn't include \$109 million expended in the capital projects division of the heritage trust fund. Although that comes from a different source, it's still expenditures that this government is going to make and should be included, as it used to be. Certainly the Auditor General, when he looks at the consolidated statement



for the province, will include that. There's a number of commercial entities and provincial agencies that the Auditor General will also include.

So the deficit of the government in this fiscal year will be between a billion and a billion and a half dollars, and there's no way out of that. The Treasurer's numbers have been too consistent for too long. Not if you take what he says or just look at the surface of it, but if you really understand what the numbers are and what the public accounts show and the patterns through the years, it's very clear that last year's deficit, which he said would be \$1 billion, is going to be \$2 billion. I pointed that out in the House twice. If any of you have any doubt, look on page 38 of the budget book. It shows that the net cash requirements will be \$1.76 billion, and he's claiming for revenues in that figure \$195 million that he did not get from Ottawa that he hoped he was going to get, and it doesn't include the heritage trust fund expenditures. So clearly the debt last year is going to be about \$2 billion.

Now, I already pointed out that the government borrowed 2 and a half billion dollars in that fiscal year. He's now saying he's going to borrow another \$2 billion, yet claiming his budget is balanced. Clearly, for anybody that wants to look at it or watch the patterns or take a look at the numbers, they know that the Treasurer has got to be kidding. It is not possible that he will have a balanced budget next year. It's already unbalanced, if you just look at the Capital Fund and the heritage trust fund for starters. If you look to what happened last year, you can see the kind of thing that the Treasurer can do to try to make it look like he still has that billion-dollar deficit. Because if you look on page 32, where the balance sheet is, he's still claiming \$1.86 billion in deficit, but if you look at the proper pages and go through the numbers correctly and look at the deficits over the years and the buildup of those deficits, you'll see that the Treasurer is really just kidding us.

Now, one of the things that really bothers me about the Treasurer and his talk about the economy and how wonderful it is in the context of a free trade deal and transfer payments from the federal government. The whole budget is set in a context of not just Alberta but also of Canada and of a North American trade arrangement. If we're going to have this booming economy and these extra revenues in our taxes, then all those things have to be taken into consideration.

I would like to point out that the federal Conservatives and the provincial Conservatives are fast in the process of dismantling the transfer payments in this country. Bill C-69 has been passed by the feds, and by 2004, if it is allowed to run its course, there will be no more transfer payments from the feds for advanced education, health care, and social services, and they will, of course, have to give the provinces tax points. My question is: how do we maintain national standards for health care, for example, if we have Alberta funding its own health care out of taxes and P.E.I. funding its own health care out of their tax system? Obviously they don't have the tax base, and obviously national standards would go down the tube. I'm saying that if the Treasurer intends that we should have national standards, that we should have a country called Canada at the end of these constitutional talks – and we may not have if Quebec decides to leave. But even if Quebec decides to stay, if the Conservatives are going to continue to dismantle the country, we may not have national standards in this country and we may not have much reason to call ourselves a country.

The same with the free trade deal. One of the things I find most extraordinary – and I touched on it the other day, but I want to elaborate a little bit on it at this point. The Treasurer

and this government seem to think that the free trade deal was a good thing for Alberta.

AN HON. MEMBER: It is.

MR. McEACHERN: No, it's not; it's been a disaster for all of Canada. The fact is that we have lost more manufacturing jobs, over 300 million jobs,\* since the free trade deal came into effect two and a half years ago.

Now, I asked the Deputy Premier the other day why there wasn't some kind of talk of a social contract or a social charter to go with this free trade deal that would maintain a decent wage for our workers, that would set some kind of standards for safety for our workers, that would set up some kind of a social safety net or maintain the social safety net that we have so that the Americans would have to come up to our level or the Mexicans particularly would have to come up to our level, and the same in environmental standards. When I asked him why there wouldn't be something of that kind along with the free trade deal with Canada, United States, and Mexico, the Deputy Premier said that he didn't want one because he didn't want to go into a situation with the United States, which is 10 times as big as Canada, and have them tell us what our level should be in social safety net, because ours would end up suffering and falling to their level. Because they are so much bigger and so much more powerful, we would not influence them; they would influence us. That is exactly right. I agree with the Deputy Premier on that point.

[Mr. Deputy Speaker in the Chair]

But the reason I raised the question is to point out that this trade deal that was put in place with the United States and is being put into place with Mexico is not a trade deal about helping all the people of North America. It's a trade deal about letting big corporations do what they please. It's a vicious trade deal that will lower Canadian standards – Canadian workers' wages, social services in Canada, health care in Canada – toward the Mexican level. It'll be very surprising if the Mexican level rises. If you watch what's happened in the Maquiladoras strip, you'll see what's going to happen in all of Mexico, and 80 million workers – no, there wouldn't be that many. I think there are 80 million or 90 million people in Mexico. But the number of workers in Mexico that are prepared to work for poverty wages will be a depression on the wages and the standard of living and the social benefits that we've been able to afford in this country.

Now, what is most extraordinary is that although the Deputy Premier can see that a one-on-one social charter with the United States about what we should have in social services and wages and safety for workers and environmental standards is not in Canada's best interest – because the United States is 10 times as big and we would end up tending to their standard. Mexico is also bigger than Canada in terms of population, but their standards are lower, and with the kind of vicious trade deal where the multinationals are in total control, where mergers and takeovers are encouraged and allowed, the tendency will be to go down to that level, not up. I agree with the Deputy Premier on that point. Why, then, can't he see that going into a bilateral free trade arrangement with the United States is also a mistake?

9:20

As Mulroney said in 1983 before he was elected: a bilateral free trade arrangement with the United States is not in the best interests of Canada because they are 10 times as big as us and

\*see page 1788, right col., para. 4

they will control the whole thing. The dog will wag the tail, in other words, and that's exactly what happened. When Mulroney changed his mind and sold out, this government went along with it.

#### Point of Order

##### Relevance

MR. STEWART: Mr. Speaker, a point of order.

AN HON. MEMBER: Citation.

MR. STEWART: Surely 23(b) has some point in the meanderings of the hon. member.

MR. DEPUTY SPEAKER: Order please. The Chair was paying particular attention for the last four or five minutes to the hon. member's remarks and really couldn't see the relevance of the trade negotiations with Mexico and the previously passed free trade agreement with the United States to what the Chair understands as the member's argument that this Bill increases the public debt of the province by \$2 billion.

MR. McEACHERN: I will pull it back in, Mr. Speaker, because I've almost finished the comments in that line. But the Treasurer did lead off with a general comment about the wonderful economy we have in this province, how it's prospering, and that's why we have a balanced budget and why this \$2 billion is merely just something that's he's going to do because he might need it for the rollovers, just allowing him a little leeway. He did wax quite eloquent about the economy of this province, took a kick at Ontario and the Standard and Poor's ratings, and went all over the map. I'm just replying to some of the things he said. I would finish that line of comments fairly quickly, though, and come back.

#### Debate Continued

MR. McEACHERN: Just to finish off the point, I cannot see how the Deputy Premier can see the dangers to our health care system, to our social system, to our cultural activities in this country and not see the dangers to our economy and to our political institutions. When the economic power in this country shifts from Ottawa to Washington and financial power shifts from Bay Street to Wall Street, people in Alberta are going to be worse off in terms of controlling their own destiny because the decisions are going to be made further away and by somebody who doesn't even know we exist, except that they want our oil and they've got it in spades through the free trade deal. What I can't understand is how the government can see the danger in one case and not the other. Given the deterioration of our economy over the last couple of years in this country, how are we going to afford the high standards that he wishes to protect by not having a social charter, which would drag them down to the American level, as he said?

Now, the Europeans do have a social charter with their integration in 1992, and that's something that the government tends to forget. The government sort of says that, well, Europe's going to form a trading bloc, it looks like the Asian countries may form a trading bloc, so we need a trading bloc. Then they stop there and don't continue to look at what it is that Europe is doing in terms of their trading bloc. The fact is that they intend to protect their workers and their social programs and the rights of the people in Europe, and there is no such protection in the Mexico trade deal that's coming.

I will come back to some numbers. Well, I've pointed out some of them already, but there are some rather interesting things to do with the budget numbers that you should be interested in. The Treasurer, for example, has always been a billion dollars out on every budget he's brought in in the five or six years that he's been the Treasurer, and I want to give you some of those numbers. If any of you really believe the Treasurer's numbers this year, you'll love these statistics. They'll put you straight, how you should read what the Treasurer says. Actually, I shouldn't say he's always been a billion dollars out; the lowest error was \$835 million and the biggest was \$1.5 billion. I'll give you the years and the numbers just in case any of you wants to check them out.

AN HON. MEMBER: So it averages what?

MR. McEACHERN: The pattern's a billion and then just slight variations now and again.

In 1986-87 the budget that the Treasurer brought in said there would be a \$2.5 billion deficit. It turned out to be \$4 billion. Now, the Treasurer likes to distinguish the budget from the consolidated debt, and that \$4 billion was the consolidated debt, but let me say that the budget debt on the exact numbers that he was working with at that time, the \$2.5 billion that he projected, turned out to be \$3.4 billion by itself. There was another \$600 million that the Auditor had to throw in to get the consolidated figure. So his error was \$0.9 billion, or you might say \$1.5 billion if you want to look at the consolidated figure.

In 1987-88 it was a most extraordinary year. It was the one year that was the other way around. The Treasurer decided that he wanted to do a billion-dollar tax grab from the people of Alberta. He had to close some of that gap between the revenue and expenditures of the year before of \$4 billion, and perhaps rightly so. In any case, what he did to scare Albertans into believing that they needed this big tax grab was that he overestimated the deficit, and purposely so. All he did was say that oil was going to be \$17 a barrel when everybody else was saying that it was going to be around \$20 or \$21, and a few other things of course. He adjusted a few other numbers like he did this year, only in the opposite direction. So the \$1.9 billion that he projected in terms of just the budgetary deficit turned out to be a \$0.9 billion deficit, exactly a \$1 billion error. Now, when you threw in some of the things that the Auditor General has to count, the overall deficit, the consolidated deficit did turn out to be \$1.37 billion.

In 1988-89, back to normal, where the Treasurer underestimated the deficit by a billion dollars. Let me give you the numbers. On his budget he said that there would be a \$670 million deficit. It turned out to be \$1.7 billion. Oops, a billion-dollar error again. Now, remember that that wasn't all; that was just the budget part of it. You also have to have those other things that the Auditor General throws in, like the heritage trust fund, like the Capital Fund – actually, I'm not sure if the Capital Fund was isolated; yes, it was; it was the heritage trust fund that he isolated out about this time – and some of the commercial entities, a few provincial agencies, and so on. The overall deficit turned out to be \$2.02 billion – this was 1988-89 – so another billion-dollar error.

In 1989-90 the Treasurer said that the deficit would be \$1.49 billion. This was actually his best year. The consolidated deficit turned out to be \$2.34 billion. Now, in case you think that his budgetary deficit might have been closer, no. I'm afraid the gap between the two disappeared almost entirely that year. The

budget deficit also was \$2.32 billion, almost identical to the consolidated deficit. So there was an \$835 million error on the Treasurer's part. That's the closest he came to having the numbers right. Now, I submit that that's pretty close to a billion dollars, so he didn't really hurt his Billion-dollar Dick title.

In 1990-91 – now, this is the year when you have to go by the forecast – he said that the budget deficit would be \$780 million. Now, he later threw in the Capital Fund and said that it would be about a billion dollars. But actually, if you look at page 38, instead of page 32 like the Treasurer would like you to do, you find that his net cash requirements are \$1.76 billion. Throw in the other \$195 million that he did not get from Ottawa that he counted into his figures, consider the \$109 million he spent on the heritage trust fund, and you're going to have a consolidated deficit of \$2 billion last year. There's just no way around it. So the Treasurer was wrong by a full billion dollars, \$1.3 billion actually, if you want to take consolidated compared to budget figure.

This year – I've already gone through the numbers of where he's overestimated his revenues and underestimated his expenditures – he's going to have a deficit of \$1 billion to \$1.5 billion. There's no escaping those numbers. [interjection] You guys can go back and look them up; I've taken them right from the budget speeches of the Treasurer through the years.

9:30

So I say to this Treasurer that he doesn't know what he's doing. Well, that's not right. He does know what he's doing; he's doing it purposely. In other words, this budget was a political budget so that he could satisfy his friends who were coming to the convention that weekend. It has nothing to do with reality. This extra \$2 billion borrowing power that he's asking for in Bill 45 will be needed. The funds that he raised in May-June of this year – he's just finished raising them – the \$500 million that he raised will have taken all of the \$11.5 billion borrowing power that he had as of March 31, 1991. He has no more money left that he can borrow unless we pass this Bill.

Now, is it just for some flexibility like it was last year? Last year he borrowed 2 and a half billion dollars. In the last 15 months he borrowed \$3 billion. There is no way that this Treasurer is just bringing this Bill forward to allow himself a little flexibility for rolling over the debt. He will borrow another \$2 billion this year. He will have a billion to a billion and a half deficit in this budget year.

Now, the Treasurer got carried away the other day and started talking about debts and said: "Well, it's not bad as Ontario, right? I mean, look at Ontario's debt," and he talked about their credit rating. I say to this Treasurer: don't blow your horn too hard, and don't put Ontario down too hard. Nobody likes taxpayers to have to pay higher interest rates to borrow their money. I'm sure that Albertans don't like paying higher rates; I'm sure that Ontarians don't.

If the Treasurer would just remember that last year before he brought in his budget we had a triple A rating, and after we'd finished debating his budget and after he brought in Bill 19 last year asking for \$2 billion more in borrowing power, which gave the lie to his \$1 billion that he talked about, I believe it was Standard and Poor's but it may have been Moody's that put out an analysis that paralleled everything that we on this side of the House had said. [interjections] I'm sure they did their own homework independently; they have investigators that could do more detailed analysis and get to figures that we can't get to. The fact is that it totally paralleled everything we said except for one point. In the one point they talked about the pension

liabilities and they got the number wrong. They talked about \$4.9 billion, but that's because they didn't ask the Auditor General what those footnotes really meant that Dick Johnston sticks in the public accounts, whereas we did and got that analysis straight. In fact, we had not really talked about the pension liabilities in this context. What we'd talked about was the buildup of the deficit and the borrowing power each year, and I'm going to go back to those numbers in a minute.

[Mr. Speaker in the Chair]

What I want to say to the Treasurer is that we lost, from a triple A rating down to a double A-1 rating last year based on an analysis of his budget, which was exactly parallel to everything we on this side of the House said. If there is another analysis this year, well, the taxpayers of Alberta are going to pay. The Treasurer and the Premier would be better to bring in a budget that was honest and straightforward and gave the facts as they are rather than try to kid people. You can't kid us on this side of the House, and you cannot kid Standard and Poor's and Moody's and those other guys. They're going to get you. It's a shame, but that's the truth of the matter. We will not survive the summer with our double A-1 rating. The Treasurer shouldn't be so smart-ass when he starts talking about . . . [interjections] I withdraw that.

MR. SPEAKER: Well, in the meantime I'd like you to sit down.

Now, it would be nice if you would withdraw it.

MR. McEACHERN: I'm sorry. It was my mistake.

He shouldn't try to be so smart and try to beat up on Ontario just for simple little partisan games. Ontario's in a lot of trouble; we know that. They will be going through a difficult time, as this province has. This province still has a \$2 billion deficit pattern built in for the last three years, and we have not really changed it very substantially. The Treasurer has mitigated it a little bit this year. The deficit may go down to 1 and a half billion . . .

MR. SPEAKER: Thank you, hon. member. Time.  
Calgary-Buffalo.

MR. CHUMIR: Thank you very much, Mr. Speaker. I'm pleased to speak on Bill 45, the Financial Administration Amendment Act, 1991.

I think in dealing with this Bill it's important to keep in mind the background over the past five or six years during which the Provincial Treasurer has shown himself to be the Michael Wilson of provincial politics, reflecting such good management that when he leaves office, it will be with the legacy of a mountain of debt. Those of us who have been in the House since 1986 when the Provincial Treasurer took over his current portfolio can't help but note that there has been a phenomenal increase in provincial debt, moving from close to nil in 1986 to over \$11 billion at the present time, and this figure of course does not take into account the liability of the province with respect to unfunded pensions nor with respect to the guarantee of the indebtedness of the Alberta Municipal Financing Corporation. In fact, Moody's has done a calculation of what our consolidated debt is, including the liability in respect of the Alberta Municipal Financing Corporation and excluding the pension liabilities, and their calculation within recent months is a total consolidated debt of \$14.7 billion. I think that comes to approximately \$6,800

per person, not per taxpayer but per person: each and every man, woman, and child in this province. It's a rather sobering number.

Now what do we see? Do we see that our house is being put in order, Mr. Speaker, as it should be? We've heard protestations that it's being put in order, but when we look at all of the signs, when we look at the animal entrails which give us the real sign of where we're going, we see in Bill 45 a piece of legislation which would increase the debt limit from 11 and a half billion dollars to 13 and a half billion dollars.

We were told by the minister on June 7, when debate on this Bill first took place, that this is something in the nature of a housekeeping Bill, kind of a money management, cash flow contingency type of legislation. Well, I wouldn't be surprised that it was one of the minister's ancestors that described the 1917 Income War Tax Act introduced by the federal government as a temporary measure intended to raise money for the war effort. Temporary indeed. The minister's descriptions here are very analogous. The minister's earlier descriptions of this being a housekeeping, money management Bill are about as funny as that 1917 description.

We hear that all of a sudden – we never needed it before, Mr. Speaker, but now we need a billion and a half dollars or more for cushions and contingencies. How is it that we never needed this before? Well, we're told that we have refinancings. Well, we've had refinancings. Money has circulated before; there's been the need to deal with the cash flow vagaries. Well, pardon us, Mr. Speaker; we're from Missouri, but we suspect that there's something more to it than housekeeping. Indeed if there is a simple cash flow problem, this could very easily have been handled in a form of legislation which raised money for temporary purposes rather than permanently increasing the debt limit. The Provincial Treasurer is rather ingenious. If he saw the need for a short-term contingency pot, well, he could very well provide for that in the Financial Administration Act rather than having an increase in the debt limit. This seems rather to partake of the same nature as we have seen of each and every one of the predecessors to this piece of legislation: as a permanent increase in the debt limit which is intended to provide a cushion for new debt and a greater deficit.

9:40

Now, it's hard to understand why we should have to provide for a deficit up to a further \$2 billion when the Provincial Treasurer has forecast a \$33 million surplus. Well, I shouldn't say "hard." It's not hard for everybody. It would just be hard for anybody who hasn't been following what's been going on with respect to the way the Provincial Treasurer's accounts have worked out in the past: year after year of rosy projections with red ink and debt up over the financial head of this province, Mr. Speaker.

The reality is that we're headed for another major league deficit unless some miracle, another Saddam Hussein caper, takes place and the price of oil spikes up to stratospheric levels and a number of other factors roll in our direction, because it sounds to me like really the fourth category of contingency is intended really to be looked after by this legislation and the other three categories were the ones that the Provincial Treasurer referred to in his comments on June 7, these contingency types of things. The fourth category is the real category, and that is a significantly higher deficit brought on by a whole range of factors, but ones that are becoming more apparent as the months go by and that have to be of serious concern to taxpayers in this province are the following.

A very disturbing downward pressure on the price of natural gas, a seriously disturbing downward pressure that has led the Minister of Energy to introduce some very tough legislative measures in respect of our market with the state of California, legislation which in fact I'm going to support, Mr. Speaker, although I'm going to have some somewhat critical comments about the background as to why we've gotten ourselves into this pickle. But the reality is that we've estimated an increase in natural gas revenues of some \$200 million at a time when everybody in the oil industry is absolutely sick with apprehension and sudden realization of how terribly the terms of trade in natural gas have turned against this province.

The second feature which is starting to come home, Mr. Speaker, is that of the second overly rosy estimate of oil and gas land sales revenues. Last year they were some hundreds of millions of dollars less than estimated by the Provincial Treasurer. This year again they're overestimated, and we're already seeing some evidence in that in the two and a half months they're down to about 30 percent less than they were even last year, which was a bad year. This contrasts with an increase that has been budgeted for, some several hundreds of millions of dollars. So we're going to be many hundreds of millions of dollars out in land sales alone, and that is ominous, because it reflects the lack of confidence of the oil industry in what's happening with that fundamental industry in this province.

The dollar is another negative feature: much higher, puzzlingly higher in many ways, Mr. Speaker, but nevertheless much higher than the 83 cents I believe it was that the budget was based on, and this is certainly very costly to the province.

Then, of course, we have the ongoing disasters of the government loans and guarantees. The Auditor General has told the people of this province what we have all recognized some long time ago: that in fact they're all understated because the government is going through all kinds of gymnastics and contortions to try and leave the impression that a lot of dead dogs still have some life in them. We're soon going to have to face a whole barrage of these problems, including the people's Magnesium Company and the people's meat packing company and the people's cellular phone company and perhaps – we don't know what's going to happen with Alberta-Pacific – the people's shipping terminal. Then there's Centennial packing and many others. Then, of course, in the next few years – perhaps soon, but time is running out – we're going to have to start facing the pension liability issue, which is going to require some annual cash inputs.

So the fact is that as we look at all these things, we'll probably very soon have the de facto debt, not just the short-term blip, a need for a cushion, but a full-blown debt of 13 and a half billion dollars, and odds are on that if these guys are still in office a year from now, we're going to have another Financial Administration Amendment Act bumping it up to 15 and a half billion dollars or who knows what. I just don't understand, Mr. Speaker, why it is that we just don't go to \$20 billion or \$30 billion once and for all and save a lot of talking and a lot of rationalization. Here we are, going through an era in which taxpayers around the country and certainly in this province are talking about mechanisms, extraparlimentary mechanisms needed to control the propensity of governments to incur deficits and go into debt, and here we have the Provincial Treasurer running in the opposite direction and increasing our debt load by \$2 billion while he tells us that this is really just a housekeeping measure and we're going to have a \$33 million surplus.

Well, I don't know what he's on, Mr. Speaker, but I'm certainly not standing in support of this legislation and voting to

provide more money for a government which refuses to come clean with Albertans as to what's really happening in this province.

MR. SPEAKER: The Member for Vegreville.

MR. FOX: Thank you, Mr. Speaker. I, too, want to express my opposition to Bill 45, the principle of the Bill being that we extend the borrowing limit of the province of Alberta by some \$2 billion. I reject that principle because I don't think we've had adequate justification for the move and because I think it's part of what I consider to be sort of a sneaky, hidden agenda with respect to the management of the economy of the province of Alberta.

I think the Provincial Treasurer tried as best he could during the Budget Address – and he reads that very well every year, as the Leader of the Official Opposition is wont to point out – to put a happy face on the province of Alberta, that in spite of any problems that people may be experiencing in making ends meet, putting food on the table, keeping their jobs, looking forward to the future: in spite of all of those, in the government's view, mundane concerns of average people, Alberta's just booming, things are wonderful, and we prove that to you by telling you that you've got a balanced budget, and we did it for you. That's the government line. That was the beginning of the deception, Mr. Speaker.

It seems to me that during a period of much good news in the province – the people in the province are overjoyed with things like unannounced and unexpected cuts to seniors' programs; a litany of business failures, where day after day we had sort of a perverse game of political brinkmanship between the Minister of Economic Development and Trade and the Minister of Technology, Research and Telecommunications trying to see who could waste the largest number of taxpayers' dollars with failed business ventures. The final tally's not in and then cuts in a variety of ways to essential services to Albertans. In the context of all that good news confronting the people in the province of Alberta, the Provincial Treasurer snuck Bill 45 in underneath the door, hoping that no one would notice that he is purporting to increase the borrowing limit of the province of Alberta by \$2 billion, which goes hand in hand, Mr. Speaker, with a \$2 billion increase in the total debt in the province of Alberta. He hoped no one would notice, but we noticed. Members of the Official Opposition were not fooled; we noticed. He may have fooled his government colleagues, but he hasn't fooled us.

9:50

The reason we're not fooled, Mr. Speaker, is because we know the Provincial Treasurer's record. We've been here for five years and a few months now, and we've had a chance to watch this wizard in action, this man who comes forward with bold predictions at budget time about the state of the province's economy, about the size of the projected deficit, about projected revenues from a variety of sources. We've found out – the hon. Member for Edmonton-Kingsway laid it out so succinctly and so beautifully tonight – that that record is pathetic, a pathetic record that the Provincial Treasurer has, not just in terms of expenditure management but expenditure projection and revenue projection. He has on average been \$1 billion out. [interjections] This is true; this is true. He's been on average \$1 billion out each and every year that he attempts to predict the budget deficit in the province of Alberta, and that is a shameful record. I don't know why he hasn't been fired long ago. If

anyone in the private sector managed as poorly as this person has, they would have been down the road long ago. How can you in any enterprise, and let's say the business of government, tolerate someone managing the economy who is on average \$1 billion out each and every year that he has an opportunity to predict the province's deficit? It boggles the mind. It's really hard for me to imagine.

MR. PASZKOWSKI: Is that what happened to all of you?

MR. FOX: Well, I'd like the Member for Smoky River to stand up and tell me why he supports this Bill based on the record of the Provincial Treasurer, because it's a pathetic record, Mr. Speaker.

As much as I like him and admire his lively intellect, I'd have to say that I'm very skeptical about anything that he tells me in this Assembly, because his record has not been a very good one. He joined the right-wing media in their tirade against the Ontario deficit in his efforts to defend his own pathetic record in the province here, and because he referred to it at length in second reading of this Bill, second reading of just about every Bill – any chance he gets he wants to talk about Ontario's deficit – I'm going to take that opportunity too, Mr. Speaker, for the purposes of comparison with respect to Bill 45.

The Ontario deficit is large, no doubt; \$9.7 billion is a lot of money, folks. That's a lot of money, and I'm not going to stand here and defend a \$9.7 billion deficit in another province. But I do resent descriptions of that deficit as being the largest provincial deficit in Canadian history, because it's not. It's just not, and I really resent, you know, the Ron Collisters of the world and the Dick Johnstons of the world that like to describe it that way, because that is a very inaccurate description. If you want to examine a debt in a fair way, you have to look at it, Mr. Speaker, in terms of a percentage of the overall budget or per capita. That would be fair.

You can't look at Ontario's deficit and say it's the largest provincial deficit in Canadian history because everything in Ontario is the largest, for Pete's sake. They've got the largest population, the largest budget, the largest expenditure in each and every area that you could possibly name. Of course it's the largest in raw terms. You've got to look at it fairly, and in order to look at it fairly, I submit you've got to analyze it. Now, I know that's difficult for Conservative politicians who have a particular agenda, who want to attack a government in power for three or four or five months and blame the problems of the last several decades on them, but I think that in the context of debate in this Legislature we want to be fair, Mr. Speaker, and look at the deficit and compare it to the province of Alberta to see if indeed this request is justified coming from the Provincial Treasurer.

Well, the province's deficit in Ontario, \$9.7 billion out of a total budget expenditure of \$52.8 billion, represents 18 percent of the total budget expenditure. Eighteen percent. That's a lot of money, but is it the largest in Canadian provincial history? No, sir; not even close. In 1987 this Treasurer and this government had a budget deficit that represented 31 percent of the total budget. How does 18 compare to 31? A long ways away. I don't have the exact figures for Saskatchewan, but it's very close to being 31 percent in 1987; the Conservative deficit in the province of Saskatchewan, 1986-87, is very close to being 31 percent of the total budget expenditure. Now, I don't pretend to be a mathematician, I don't pretend to be a chartered accountant, but I think 31 percent is greater than 18 percent each and every time you look at it. So the Ontario deficit pales

in comparison with the Alberta deficit and the Saskatchewan deficit in the year 1987.

Looking at it per capita would be another fair analysis. I think my friend from Clover Bar would agree that a fair analysis would be to examine a provincial deficit, a budget deficit, per capita to come up with a realistic figure for comparative purposes. Well, what is \$9.7 billion per capita in the province of Ontario? It's \$1,076. Now, is that the largest provincial deficit in Canadian history? No, Mr. Speaker, not even close, because in Alberta, with this Treasurer, with this Premier, with this government in 1987 it was \$1,703 per capita. So the Ontario deficit pales in comparison with the Alberta deficit in 1987.

Now, why would I belabour the past? Why not be a little more current? Well, I could do that for hon. members who seem interested in this and tell you that the average deficit in the province of Alberta, the average over the five years that the Provincial Treasurer has had his hands on the levers of power here, has been 17 percent. The average budget deficit in the province of Alberta has been 17 percent of the total budget expenditure, just slightly less than 18 percent. But 18 percent, the New Democrat government in Ontario – you'd think the sky was falling; you'd think the world had ended. They were being blamed not only for a deepening recession, increased interest rates, hemorrhaging of foreign investment, global warming, famine in Africa – everything was the fault of that budget deficit in Ontario. Interestingly enough, we learned soon afterwards they're predicting an end to the recession, predicting Ontario will lead Canada out of the recession. Interest rates have continued to drop. You know, all of the projections that were coming from my MP, the new Minister of Finance, for example, proved to be as false as this Treasurer's budget predictions over the last several years.

So the budget deficit on average in Alberta has been 17 percent of the total budget expenditure. The \$2 billion increase that we're seeing advanced by this Bill today is in line with that level. "What is it per capita?" the Member for Clover Bar asks. Well, it's \$953 per capita, which is just slightly less than what has been described in Ontario as the largest provincial deficit in Canadian history: \$1,076.

Now, I don't think that that's been a very fair analysis or a very fair debate, and again I'm not going to defend what they've done in Ontario. I just want it to be described in fair terms, because you get a New Democrat government there introducing a budget in response to a dramatic recession in that province, a really unimaginable hemorrhaging of the income of that province due to the free trade deal, all sorts of things, and it's described as ruinous to the Canadian economy. The provincial government in the province of Alberta does it year after year after year, and nobody even notices. I've got to admit it's frustrating to us.

The Provincial Treasurer in his enthusiasm, trying to deflect attention away from the truth of Alberta's situation and trying to focus people's sort of shallow attention on the Ontario situation, refers to the fact that the credit rating in the province of Ontario has been lowered three times. Now, I gather what that really means is that three ratings companies or organizations, whatever you call them, have each lowered the rating for the province of Ontario once, and to him that adds up to three reductions. Well, it's not. It's sort of one reduction three times.

10:00

I might use an analogy here for hon. members, Mr. Speaker, talking about learning from experience. I could use the hon. Member for Little Bow, a member of this Assembly for 28 years

because, I suggest, he's learned from his experience. He has indeed 28 years of experience in the Alberta Legislature. There are other members, the Member for Lethbridge-East, for example, who's been here since 1975. You might think that means he's got 16 years' experience in the Alberta Legislature, but I submit that he's not learned much from his experience. What he in fact has is one year of experience 16 times over. There's a great difference there, and I submit that that's pretty much the same as the kind of analysis he's done on the Standard and Poor's, Moody's, et cetera, et cetera, lowering of the credit rating in the province of Ontario.

So for the information of government members who may wish to participate in debate on Bill 45, I want to provide that information, Mr. Speaker, because I think it's important that we deal with facts and in a fair way in this Assembly when we discuss things in other provinces, when we discuss, for example, the resignation this very day of Grant Hodgins, the Government House Leader and Minister of Environment in the province of Saskatchewan. We may want to discuss that at some point, and we can do that in as fair a way as we examine the budget deficit in the province of Ontario compared to the budget deficit in the province of Alberta.

Now, as I said earlier, my colleague from Edmonton-Kingsway dealt at length and in explicit detail with the record of the Provincial Treasurer with respect to budget projections – deficit, revenue, expenditure, et cetera, et cetera – and his record has been very poor. I well remember last year when I said, as I mentioned in debate on Bill 19 earlier this evening, that the political objective of the government was to go into their little convention telling people, telling the delegates there, so they would not be so anxious to dump the Premier, that they had lowered the deficit in the province of Alberta by \$1 billion. Now, that's a nice, round, dramatic figure. It had to be \$1 billion. So he gets out his calculator, his little pen and pencil and paper, and he starts to calculate. "Well, what do we need to do that? Let's see; \$1 billion. We'll put oil prices at \$19 a barrel; that seems reasonable. Nineteen times . . . No, that doesn't work out. We'll have to try \$20." Pencil it out, and with \$20 that doesn't work either. He came up with \$21 a barrel. That looked like it might fit, but it would only fit as long as you projected transfer payments from the government of Canada well beyond what you knew you'd receive, well beyond what you knew they'd give you based on experience. It would only fit if you put that alongside some expenditure cuts in some essential areas and tried to pretend that you had reduced the deficit by a billion dollars.

Well, in fact, they didn't reduce the deficit by a billion dollars. It was probably a billion dollars greater than they projected it would be. The only thing the Provincial Treasurer did right last year was predict the average price of a barrel of oil. I think he was relatively close over the year at \$21 a barrel, but no thanks to him, no credit to him. It took an international disaster for that prediction to come true. I don't believe that he was gazing that deeply into his crystal ball to predict an international disaster that would precipitate such a dramatic rise in the price of oil. I think, based on our examination of his record, it would have to be called dumb luck, not accurate analysis.

So he's not been very accurate in the past, Mr. Speaker, in trying to build a budget, in the budget-building process, and that's a great concern to us. I don't think he's been any more accurate in his attempt to do that this year. His political objective had to be more dramatic than just saying that we've lowered the deficit by a billion dollars, hoping that everyone, including the Conservative delegates at the convention, forgets

a year later what the real truth is. No, they had to be more dramatic. They had to say that we've got a balanced budget in the province of Alberta. So they have to get out that little pencil and piece of paper again and start figuring: "Oil at \$21 a barrel. Let's see. Multiply . . . No, that doesn't work; \$22?" Well, that didn't work either. He had to project \$23 a barrel, even though industry analysts don't agree with that, and it's been running somewhat below that at this time of year. Maybe there's some other little disaster he can depend on to boost the price and make his budget projections a little more accurate.

That part of it, I think, has been very inaccurate. He's had to as well, in order to at least on paper create this balanced budget, increase a number of taxes, Mr. Speaker, and decrease the number of essential services in Alberta. So there's been a lot of sort of juggling of figures, hanky-panky, monkey business with respect to the provincial budget so that the minister could come here and brag in this Assembly that we have a balanced budget in the province of Alberta; therefore, they're the best government that the world has ever seen.

It's a tired old song, and we've heard it in this province for decades. I mean, it's the song Peter Lougheed taught them. I well remember that in 1982 during the provincial election things weren't particularly good in the economy: inflation was high, interest rates were out of sight, the economy was not good, and people were losing jobs all over the place. The then Premier of the day, Peter Lougheed, says: I get good, positive economic news every day. Mr. Speaker, that was his statement to the people of Alberta, and I suspect it was probably based on his examination of his own bank account that gave him that perception. I suggest that it's that persistent Pollyanna attitude that this government has exhibited over the 20 years that they've been in power that has contributed in large measure to the mess we're in today, because they have never, ever, ever come clean with the people of Alberta, have never done what the province of Ontario did with their budget and told the truth to the people.

I'll tell you, I talked to people in Ontario, people who aren't New Democrats. I get calls from people down there who say, "You know, times are tough down here, but we sure appreciate having a government that told us the truth."

AN HON. MEMBER: Name two.

MR. FOX: "We sure appreciate Len Lillie and Doug Bates. We sure appreciate the fact that . . ."

AN HON. MEMBER: Is that just names or . . .

MR. FOX: You want phone numbers and addresses too? I can send them this *Hansard*; that's their 15 minutes.

Anyway, they appreciate having a government, Mr. Speaker, that told them the truth, that doesn't try and sugarcoat the news, that doesn't pretend, even though everyone knows the opposite to be the case, that the economy is booming and that everything is . . . You know, the truth is not all printed in the *Financial Post*, Member for Calgary-Fish Creek. You should be aware of that.

I think I saw a newspaper, Mr. Speaker. I don't know; my eyes must be bothering me. I couldn't have.

Anyway, they appreciate having a government tell them the truth, and I know the people of Alberta, from my contact with the people of Alberta – and it's relatively extensive, I think, Mr. Speaker; I travel around a lot – they would appreciate very much having a government that told them the truth. They'd

welcome that even if the news is not good. They wouldn't mind for the first time in 21 years having a government that told them the truth. [interjections]

Oh, I'd like to tell a John Diefenbaker story, Mr. Speaker. It's a good one, but it includes a four-letter word that begins with H. He used it in the House of Commons and it was deemed permissible. I'm not sure if I'd get away with it here.

MR. SPEAKER: Not too likely in this House.

MR. FOX: Not too likely. It's a good anecdote, anyway, about telling the truth, Mr. Speaker, and it's one that the hon. Member for Calgary-Fish Creek might persuade me to tell him when we adjourn debate this evening.

It's very important to be up front and honest with people, let them know what the situation is, and even suggest to them that they might have some solutions, that they might want to be involved in trying to right the wrongs of this economy, that they may want to participate in some way in trying to build the healthy economy that we all desire and that we envision for the future. Instead, they've had a government that has consistently refused to tell them the truth, that has preferred to beat their collective political chests and brag about a mythical budget, to brag about a mythically strong economy, that refuses to acknowledge that they've made mistakes in the past and make a public undertaking to correct them. Frankly, it's not only wearing for me, Mr. Speaker; it's wearing for the people in the province of Alberta, who desire that kind of integrity, that open, honest approach to government.

That's why we're not supporting this Bill, Mr. Speaker: because no matter how you cut it, no matter what little excuses the Provincial Treasurer tries to slip past his caucus colleagues and through the Legislature to Albertans, there is no way he can get around the fact that bragging about a balanced budget one day and coming in and asking the Legislature to increase by \$2 billion the borrowing limit for the province of Alberta – a.k.a. the debt in the province of Alberta – just doesn't jibe. They're incompatible. Those scenarios are incompatible, and I've not heard sufficient justification from the Provincial Treasurer to persuade me or members of our caucus to support this very cynical piece of legislation that does not jibe with the kinds of things that the Provincial Treasurer and his Premier and indeed other ministers of the front bench have been trying to hammer home during question period when they brag about the residual strength of the Alberta economy.

10:10

I would like the Provincial Treasurer to tell us exactly what his real assessment of the deficit in the province of Alberta is, based on real revenue projections, based on actual expenditure estimates that take into consideration a number of things that have happened, Mr. Speaker, since the budget was introduced, I believe on April 4 or something. Fright night, I call it, that Thursday night in April that he tables his budget. I think we need to have an exact and thorough accounting of those things before any responsible member in this Legislature can agree to support Bill 45.

So, Mr. Speaker, we oppose this Bill. We oppose it with vigour because we believe that it's a cynical and dishonest piece of legislation. It's unsupportable. It's not been justified. For that reason I propose an amendment to Bill 45. It's basically a reasoned amendment that Bill 45 not now be read a second time.

Moved by Mr. Fox that the motion for second reading be amended to read that Bill 45, Financial Administration Amendment Act, 1991, be not now read a second time, as it:

- (1) proposes to extend the debt of the government of Alberta by \$2 billion, such amount not being approved by the 1991-92 budget already approved by this Assembly; and
- (2) is contrary to the declaration of the government of Alberta that the 1991-92 budget is balanced.

Mr. Speaker, with your permission I would carry on with debate on that amendment in the time remaining.

MR. SPEAKER: It's being distributed.

MR. FOX: Thank you. The impact of this amendment, Mr. Speaker, if it was passed, just for the explanation of hon. members who may consider supporting it or may even consider speaking against it if they're not in favour of it, would be that this Bill not be read a second time today, but it be read a second time six months hence. In that six-month period we would have a chance to test the economic winds in the country . . .

AN HON. MEMBER: That's a Liberal policy.

MR. FOX: No, we could get a better reading of the true financial health of the province of Alberta. We would know, for example, what the price of oil has been over the first eight months of fiscal '91-92. We'd be able to predict with some accuracy what the balance of the year, the four months, would hold for us. We would know, for example, what success rate we would have in terms of accessing transfer payments from the federal government. Perhaps the final accounting would have been done on some of the pending business failures of this government: MagCan, maybe some more NovAtel news, maybe Alberta-Pacific Terminals, et cetera. These things that the government seems to think are all incidental to the budget could be rolled into our examination of the budget deficit, and maybe we could use some accurate accounting in terms of reconciling things, trying to determine whether we do indeed have a budget that's balanced or one that's hemorrhaging as badly as it has every year since the hon. Provincial Treasurer took office. Then we would be in a position to determine whether or not the Provincial Treasurer can come back to this Legislature, hat in hand, and ask his colleagues on both sides of the House to support a Bill that would increase the borrowing limit of the province by \$2 billion.

I'll tell you, Mr. Speaker, I'm not confident that government members will support this amendment, as reasoned as it is. I'm not confident that they will, and perhaps I might try and anticipate some of the reasons, although they may not be articulated during the debate. But I think the real reason the government won't support this Bill is because if they waited six months, Mr. Speaker, they'd need a heck of a lot more than \$2 billion to cover the degree of financial hemorrhage that this Treasurer and his beloved Premier are responsible for. They'd need more than \$2 billion; \$2 billion wouldn't do it. The deficit projections are way out of whack. The budget is nowhere near being balanced this year, and we need to acknowledge that. Now, I would think a rejection of this Bill would be a tacit admission by the Provincial Treasurer that in fact \$2 billion would not cover it, that six months from now he would need more, he would have to ask us for more, and he hasn't really mustered the political courage to do that.

So I think we need to take a good, close look at what we're doing here. We've passed the budget. It's gone through all stages of debate. The appropriation Bills have all been passed. This debate that we're having tonight on Bill 45 for the first time, Mr. Speaker, is post the budget debate in its entirety, in its various stages, various permutations, post the budget debate for fiscal '91-92. It's a chance to look back, I guess, and think whether or not the numbers provided have been accurate, whether or not things add up. It's our assessment that they don't. It's our assessment that the budget is not balanced. It's our desire that the Provincial Treasurer and his colleagues stand up and admit it, tell the people of Alberta – well, I don't think they did it deliberately – that they erred, that they made a big boo-boo when they tabled the budget, and when they've bragged ever since about the balanced budget, that in fact they need another \$2 billion in borrowing limit to make things work this year. Then and only then will people on this side of the House be inclined to support this request.

If, and only if, the Provincial Treasurer will come clean with the people in the province of Alberta and tell them exactly what's going on with their finances, not just with the basic budget but with the deficits, the unfunded liability in the pension plans, and the accumulated deficit in the various Crown corporations that they're still responsible for, a complete accounting of the real and anticipated losses of all of the failed business ventures that the government has embarked on, then and only then will we support such a request. Otherwise, it's completely untenable, completely unjustified, and I can't imagine how any member of the Assembly would support it.

My amendment is on the floor. Thank you.

#### Point of Order Admissibility of Amendment

MR. STEWART: Mr. Speaker, on a point of order.

MR. SPEAKER: Thank you.

MR. STEWART: I want to point out . . . My citation, Mr. Speaker, is with respect, firstly, to *Beauchesne* 668, which is the traditional hoist amendment, and coupled with that, *Beauchesne* 578. It appears upon reading the amendment to the motion that the hon. member has brought forward that he has in fact not complied with the usual hoist amendment by merely stating that everything following after "that" would be strictly a negative of the motion itself and making no reference in fact to when any such Bill may be read a second time.

With respect to *Beauchesne* 578, it reads:

- (1) An amendment proposing a direct negative, though it may be covered up by verbiage, is out of order.
- (2) An amendment which would produce the same result as if the original motion were simply negated is out of order.

I would submit that the motion to amend the Bill is therefore out of order.

MR. SPEAKER: Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Speaker. I believe the correct citation for the hon. Government House Leader to have referred to was citation 670, which has to do with the question of reasoned amendments, and which clearly indicates:

It is also competent for a Member, who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move what is known as a "reasoned amendment."



Then, of course, the rest of the citation follows in terms of outlining some more of the specifics.

Perhaps in his comments introducing the amendment – perhaps we could check the Blues – the hon. member made reference to a hoist amendment, but I think if that were the case, and I'm not sure it was, what was clearly intended was that this be a reasoned amendment. I would draw the Government House Leader's and your attention to both citations 670 and 671.

MR. SPEAKER: Vegreville, very briefly.

AN HON. MEMBER: Are you going to close debate?

MR. SPEAKER: No, this is on the point of order.

MR. FOX: On the point of order, Mr. Speaker, I would apologize for any misinformation I conveyed. We had two amendments that we were considering: one was a hoist; one was a reasoned amendment. We chose to go with the reasoned amendment, and a check of the Blues will see that I did describe it as a reasoned amendment. It was my error for referring to six months hence as being part of the motion; in fact, that's not what it says. So I do apologize for including those words in my description, but I believe the record of the Blues will show that I referred to it as a reasoned amendment from a reasonable member.

10:20

MR. SPEAKER: On the point of order. At the time, the Chair did hear that it was a reasoned amendment, and it does fit within that category, Government House Leader. Perhaps the Member for Vegreville was showing some display of ESP as to what might happen in future with respect to this Bill, but the reasoned amendment is in order and is able to proceed.

#### Debate Continued

MR. PAYNE: Mr. Speaker, I'd like to participate briefly in the members' discussion tonight of the so-called reasoned amendment. I recognize that the adjective "reasoned" is a technical word and one that's widely used in our parliamentary system, but I would have to suggest to you in all candour that, in my view, this proposed amendment is hardly a reasoned one. I would characterize it as a naive amendment rather than a reasoned amendment. Why do I call it naive, Mr. Speaker? Two reasons. First of all, I would submit that the amendment is naive in the premise that throughout a government's fiscal year, government revenues flow into the provincial coffers at precisely the same rate of government expenditures throughout the year from those coffers. It's naive also in its premise that the magnitude of borrowing power is directly proportionate to anticipated budgetary deficits. All members I think would recognize the naiveté in those two premises.

Now, Mr. Speaker, I would like to make an apology to you, sir. Earlier in the course of the evening I quite improperly waved the June 4 *Financial Post* around the House.

MR. FOX: Now, don't quote it.

MR. PAYNE: In light of that challenge, I feel a commitment and an obligation, Mr. Speaker, to indicate for the purpose of those who read *Hansard* that that particular headline reads, "NDP 'scaring off jobs, investors.'"

AN HON. MEMBER: What date?

MR. PAYNE: June 4 *Financial Post*. Mr. Speaker, although I recognize that that was an inappropriate act, totally uncalled for, I did it because of the Member for Vegreville's reference to having not one but two acquaintances in Ontario who were praising the Ontario budget for its candour. Now, I can only assume that those two Ontario pals of the Member for Vegreville are secure in their jobs and most certainly are not investors.

Now, Mr. Speaker, in the course of the evening there has been a cloud in the Assembly, a cloud, dare I say, of obfuscation and ideological pessimism. I would like to bring to the Assembly tonight a breath of fresh air, not the fresh air of ideology, although that would be very easy to do, but rather the fresh air that accompanies factually accurate information. Could I remind my government colleagues, and could I remind the members of the opposition tonight that the Investment Dealers Association of Canada, two chartered banks, and the Conference Board of Canada all have been unanimous in the view that last year this province's economy led the nation and that in the ensuing year this province's economy will once again lead the nation.

Now, I would like to humbly submit and request of the opposition that they acknowledge the strength of Alberta's economy, that they acknowledge the competence of this government's Provincial Treasurer, that they reject this amendment, and get back to building support for Bill 45.

MR. SPEAKER: Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Speaker. I always enjoy and appreciate the comments from the hon. Member for Calgary-Fish Creek.

MR. FOX: I don't.

MR. HAWKESWORTH: Oh, I always do. He certainly puts forward his point of view forcefully and clearly. Unfortunately . . .

AN HON. MEMBER: And inaccurately.

MR. HAWKESWORTH: Well, to this extent, hon. member, he was accurate, to this extent. I will grant you this . . .

MR. SPEAKER: Through the Chair, hon. members.

MR. HAWKESWORTH: Mr. Speaker, to the hon. members of the House, the hon. Member for Calgary-Fish Creek was correct on one point, certainly, and that is that the members of the Official Opposition are naive. I would plead guilty to that charge; guilty as charged.

When the Provincial Treasurer brings in a budget and says that it's balanced, I have the naive belief that he then doesn't require a permanent increase in the province's debt ceiling of \$2 billion. I have the naive belief, Mr. Speaker, that after we've gone through the process of budget review – the budget speech, the estimates, the individual debate on the departments – if at some point in that process the Provincial Treasurer believes that the province is going to go \$2 billion deeper in debt, that he would say so, that he would . . .

MR. SPEAKER: Order please. [Inaudible] behind you, Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Speaker.

I am of the naive belief that if the Provincial Treasurer needs a \$2 billion injection of borrowing, of debt, of going to the market to get money to cover his losses, that he would at some point in his Budget Address acknowledge that, that at some point in the process of review of his estimates in the Treasury Department or elsewhere he would tell us that. So I wouldn't expect – I'm naive – to see on my desk on a Friday afternoon or a Thursday afternoon, whenever the hon. Provincial Treasurer introduces a Bill, a Bill raising the debt ceiling of the province by \$2 billion after I had sat here in the Assembly and listened to all hon. members, especially those from the government side, telling me that they have a balanced budget. No caveat was ever expressed. No reservation was ever stated. There was never any comment that there would be at some point a need for additional borrowings because after all, not only is it a balanced budget, according to the Provincial Treasurer, but he even projects a small surplus. So I would have been naive if I felt that that was going to be the final story, the last word, because we've gone through the process, and now we have in front of us Bill 45, which will raise the debt ceiling of the province by \$2 billion to 13 and a half billion dollars.

But, Mr. Speaker, nowhere – nowhere – has the Provincial Treasurer at any point in the process given us any evidence, any request, any analysis, any information indicating at what point this borrowing is going to be required. He throws it out as the idea that this cash flow problem is going to be the sole determinant of this \$2 billion debt. Nowhere has the Provincial Treasurer tabled any evidence, any documentation that shows the scheduling of finances: when is this debt going to be due, why will it be required, and what happens after the financing is in place, the debt has been rolled over? What happens to the authorization after that point? There is nothing in the budget documentation which would lead anyone to the conclusion that the government needs another \$2 billion in financing to meet its obligations this year. I suppose if I were to expect that sort of documentation, someone quite properly could accuse me of being naive.

10:30

Mr. Speaker, the 1991-92 budget which has gone through the Assembly has been debated at some length, although I have some views about how cursory that review has actually been as we go through it department by department. When some ministers use up to an hour and a half of the allotted time to speak to their own estimates, it leads me to believe that the review of those particular departments has been intentionally curtailed. Nonetheless, we've gone through a process of individual review. There is nothing the provincial government and the Provincial Treasurer have given us that really reflects what I think is the reality of the province at the current time, until we get a dose of reality, like a bucket of cold water, to wake us up, and that's Bill 45, this request of the Provincial Treasurer to increase the debt of the province by \$2 billion. Now, he may know some things he's not prepared to share with the Assembly. I don't know.

[Mr. Deputy Speaker in the Chair]

The hon. Member for Calgary-Fish Creek accused the opposition of ideological pessimism, that somehow standing in our place and bringing a contrary point of view into this Assembly is somehow ideologically motivated and is pessimistic. Mr. Speaker, if I look back on the last three or four or five years in this province, I think I could only conclude that it's realism

which drives me to the conclusion that the Provincial Treasurer has been out in his estimates for the 1991-92 fiscal year. What is surprising about it is that he's had to come to the Assembly and admit that in so many words so quickly after the Budget Address had been tabled and the budget debated here in the Assembly.

If anything is different from previous years, I suppose it is that this request has had to come so soon after his budget had been dealt with. In the past the Provincial Treasurer at least admitted or acknowledged in some way or another in the Budget Address, in the budget estimates that he was going to run up a deficit, so when he came in and asked for amendments to the Financial Administration Act, we could have had a bit of an argument with him about how closely it might match his projections. We have had debates about the Bill in the past, but it was a matter of degree, the amount of debt being incurred by the province fitting with the debt estimated in the Provincial Treasurer's speech on budget night. Having a debate in this Assembly over degree is an entirely different matter from having a debate or having a Bill introduced that is totally at odds with and in contradiction to the entire thrust of the government's direction with its budget for this fiscal year. And it's not ideological pessimism, Mr. Speaker. We believe it's based on reality, pragmatic realism based on experience.

Now, one of the things that struck me about the Provincial Treasurer in defending his budget, and just moments ago from the hon. Member for Calgary-Fish Creek in his defence of the budget as well, is that the government continues to brag, I guess is the right word, about the state of the Alberta economy, how healthy it is. Well, I'm going to admit that the state of the Alberta economy is better than the state of some other economies, but that's not to say it's healthy. It's one thing to have the flu and say, "I'm well because my neighbour has pneumonia." Obviously, to be sick in bed with the flu is not to be healthy, and that's the situation we're in here in Alberta.

For example, let's review a few of the statistics we're not likely to get from the Provincial Treasurer and members of the government side. Retail sales for March, for example, are down 9.6 percent from 1990. Now, some might say, "Well, it's all the federal government's GST," but January's GST shock decline was only a drop of 4.3 percent from 1990. So there's something more significant at work here in Alberta, Mr. Speaker, than simply writing it off or dismissing it as a result of the federal government's introduction of the goods and services tax. April business bankruptcies were up 49 percent, and personal bankruptcies were up 116 percent. That was the second highest in Canada. You know, the Provincial Treasurer and members of the government want the opposition to stand up and acknowledge the competence of the provincial government in the management of the economy. Does the government want to take ownership of these particular statistics? There was some reference made to the Conference Board. Well, the prediction is a gross domestic product growth of .4 percent, not the 1.5 percent forecast in this Provincial Treasurer's Budget Address.

One of the other conclusions was that Alberta will be the only province to experience a significant rise in unemployment in 1992. That's down the road a bit, I suppose, but it does take into its purview some of the fiscal year we're concerned about. Let's look at the unemployment rate, Mr. Speaker. Alberta's unemployment rate rose almost 10 percent in the last year. Is that a sign of a healthy economy, when your unemployment rate is going up by 10 percent? Some might say, "Well, it's not going up as high as it is in other provinces," but that's not to say it's a healthy economy. Let's get things in perspective. In the city

I come from, Mr. Speaker, and to some extent represent, in Calgary and southern Alberta the unemployment rate rose almost 20 percent. I wouldn't call that performance. Certainly it's not something I would be boasting about if I were the government.

If we look at another key indicator of economic activity in our province, the value of residential and industrial building permits is down almost 70 percent in Edmonton and Calgary from last year. The number of permits is off 55 percent, and again in the city I come from, Calgary, the value of commercial, nonindustrial permits is down 55 percent. Now, these are key indicators of economic activity, Mr. Speaker. When the Provincial Treasurer makes estimates of revenue in his annual Budget Address and incorporates things like the personal income tax estimated to rise by over \$200 million from its forecast last year, or when he looks at the corporate income tax and estimates an increase of slightly over \$100 million from the forecast in last year's fiscal year, I don't know whether he's taking these new figures into account. If we look at major layoffs in southern Alberta since January, 6,000 jobs lost, and 8,000 provincewide. I just don't see how this government can say the situation in Alberta is even acceptable, let alone day after day standing in their places and bragging about it. They should be acknowledging that it's better than some other places but not anywhere near what they consider acceptable, and then make their decisions from there.

10:40

My point, Mr. Speaker, is that it's not ideological pessimism but simply pragmatic realism that makes us conclude that things are not what the government has tried to palm off on us here. Now, if the members of the provincial government want us to acknowledge their competence – if they want to consider a 9 percent plus unemployment rate as being competent, well, they're welcome to it. I wouldn't consider that necessarily a reflection of anything and certainly not competence.

You know, you can't have it both ways. Either Alberta is a victim of the international marketplace or else we're in charge here. It's one or the other. But when things go straight down the drain and incomes plummet and revenues drop off precipitously when unemployment soars as it did in the early 1980s and in the mid-1980s in this province, the government always says: "Oh, we're just victims of the international market. We have nothing to do with it. It has nothing to do with our competence, nothing to do with our performance." Then, when things don't look as bad as they did in the middle 1980s and things aren't as bad as they are in some places in Canada, all of a sudden the government says, "We're in charge and we take credit and it's our actions that have resulted in this situation." Well, I simply say to the government members that, yes, you can take actions that have an impact on the Alberta economy, and we are also to some extent victims of an international economy, but let's not overstate the case about how good things are in Alberta and, correspondingly, how good the Alberta government is, because these factors are playing havoc with the Provincial Treasurer's budget.

I think really what's behind Bill 45 is a recognition by the Provincial Treasurer that some of the basic assumptions and factors and foundations of his budget simply can't hold up to the cold, clear light of day. There are many ways you could describe the Provincial Treasurer, Mr. Speaker, but "naive" is not the word that would come to my mind. He's not naive about what the economy is doing out there in Alberta, what it's predicted to do in Alberta, and the havoc it's likely to wreak on his budget.

So in a spirit of pragmatism, some might even say cynicism but certainly not naïveté, the Provincial Treasurer is bringing forward Bill 45 to raise the debt ceiling of the province by another \$2 billion.

Now, Mr. Speaker, there was also reference made to past performance as judged by the Conference Board of Canada, which said that Alberta's growth rate was far and away above and led the nation and all those other things that have been quoted. What drove the Alberta economy in that growth in the last year was an unsettling major international crisis in the Middle East. It was not the doing of the Alberta government, Mr. Speaker, although if they want to take credit for the effect of the international market, the international economy, and international politics on Alberta, they'll have to take credit when it works against Alberta and not just when it works for Alberta.

Mr. Speaker, even given those dramatic increases and that dramatic performance, if we look at the budget from the 1990 forecast to the 1990-91 estimate, for example, what it translated into was a little over a \$100 million increase in the personal income tax; and look at this: corporate income tax last year actually dropped by \$100 million based on the 1990-91 estimate. For all that huge spike in the oil price that resulted in a windfall to our Alberta producers, the net result of that impact was a positive balance of \$70 million from the estimate to the actual forecast in the 1990-91 budget. That's only on the crude oil royalties side of it.

If we look at natural gas, which wasn't impacted in quite the same way by the crisis in the Middle East, we see the figure actually dropped \$150 million from the estimate last year to the forecast figure. Of course, many of these figures can change yet again by the time we get the public accounts perhaps almost a year from now, so even these figures have to be taken with a grain of salt and are likely to be overly optimistic if past performance is any basis for us to go on.

[Mr. Speaker in the Chair]

The net result of all of this, Mr. Speaker, is that having said that Alberta led the nation last year based on the tragedy of the Middle East – some part of me takes offence to even thinking we should be crowing about the impact that tragedy had on our province, but just setting that aside, if we led the nation last year and the Provincial Treasurer was out on these key indicators in his budget, what can we expect if we take his estimates for this year and apply them to the current situation? There's no prospect I can see on the near horizon of any other country invading a country in the Middle East and having the major disruption in supply and the disruption of international markets when it comes to energy. That happened last year. I don't see that on the horizon. There may be difficulties in the Soviet Union that aren't rectified, and in my view that is about the only international event that might have the kind of magnitude of disruption to repeat the impact on the Alberta economy that occurred last year. Without the likelihood of something similar occurring this year, I don't see how the Provincial Treasurer believes he can meet these kinds of income projections he has in his estimates for the current fiscal year.

10:50

You know, I can take issue with him. For example, given this increase in unemployment that I've already pointed out – an increase by 10 percent over last year's figures, one of the highest rates of unemployment we've seen in the province for some time – the Provincial Treasurer is estimating something like a close

to \$250 million increase in personal income tax. I just don't see how he's going to make it. I guess I have that naive view that perhaps there is a miracle waiting in the wings to pull this budget out of the fire for the Provincial Treasurer. But, Mr. Speaker, in the documents filed in this Assembly, presented to this Assembly for our approval, there is no indication given by the Provincial Treasurer of the kind of upset a \$2 billion increase in our debt would justify. That's really what it comes down to: justification for the legislation that's before us, justification that legitimizes the request, makes it believable, makes it credible, makes it fit.

I don't acknowledge the competence of the government, quite frankly, either in the management of the economy or in having the right ideological view that would allow them to make the correct decisions for the Alberta economy. I think they've made serious and major mistakes for the last eight or nine years that simply have exacerbated many of the problems the province has faced in that period of time. I honestly believe the budget in front of us and the Financial Administration Act are a result of those mistakes and in some ways continue the mistakes that have been made in the management of the province's affairs in the past.

Mr. Speaker, there's another aspect of this budget that I think is also an important one, and it has a bearing on the bottom line on the net indebtedness of the province. If members want to get out their Budget Address and look to page 32, they'll find the point I want to make. In order to achieve this balanced budget, the Provincial Treasurer contained in his documentation a figure called Valuation Adjustments. It's a figure in the book here for \$151,721,000. When you go to the budget books

themselves, the government estimates books, to find out what constitutes that figure, it includes Provisions for Doubtful Accounts and Loans, Accounts Receivable of \$20 million, and Implemented Guarantees and Indemnities, and there are three of them listed: for Credit Union Stabilization Support, \$52,971,000; for Rocky Mountain Life Insurance Company, \$3,050,000; and then something called Other, \$55,700,000. Finally, the last category, called Other Loans and Advances, is for \$20,000,000. It all adds up to \$151,721,000.

Mr. Speaker, the Auditor General addressed this particular question at some length in his most recent annual report. In that annual report, in the review of the Treasury Department . . .

[Mr. Hawkesworth's speaking time expired]

MRS. BLACK: Mr. Speaker, I beg leave to adjourn debate.

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

SOME HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

MR. SPEAKER: The motion carries.

[At 10:55 p.m. the Assembly adjourned to Tuesday at 2:30 p.m.]