

Legislative Assembly of Alberta

Title: **Wednesday, June 19, 1991**

2:30 p.m.

Date: 91/06/19

[Mr. Speaker in the Chair]

head: **Prayers**

MR. SPEAKER: Let us pray.

We give thanks to God for the rich heritage of this province as found in our people.

We pray that native-born Albertans and those who have come from other places may continue to work together to preserve and enlarge the precious heritage called Alberta.

Amen.

head: **Presenting Petitions**

MR. SPEAKER: Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Speaker. I'd like to present a petition signed by 43 Albertans who are concerned about the discontinuation of health care coverage of all nonsurgical dental treatment of temporomandibular joint disorders.

head: **Introduction of Bills**

MR. SPEAKER: There are a number. We'll start with Banff-Cochrane.

Bill 9 Arbitration Act

MR. EVANS: Thank you, Mr. Speaker. I request leave to introduce Bill 9, the Arbitration Act.

The purpose of this Bill, which is based on the report of the Alberta Law Reform Institute and was developed in close co-operation with the Alberta Arbitration and Mediation Society, is to provide for an accessible, comprehensive, and efficient arbitration process.

[Leave granted; Bill 9 read a first time]

MR. SPEAKER: In this order: Edmonton-Jasper Place, followed by Calgary-McCall, then Calgary-Buffalo, and then Calgary-McKnight.

Edmonton-Jasper Place.

Bill 231 "Whistle Blower's" Protection Act

MR. McINNIS: Thank you, Mr. Speaker. I request leave to introduce Bill 231, the "Whistle Blower's" Protection Act.

The purpose of this Act is to protect persons who report pollution or other statute violations, complain to the Ombudsman, report inappropriate government expenditures, or contact Members of the Legislative Assembly. We don't want to live in a police state; we depend on private citizens to help enforce the laws.

[Leave granted; Bill 231 read a first time]

Bill 287

An Act to Amend the Motor Vehicle Accident Claims Act

MR. NELSON: Mr. Speaker, I request leave to introduce Bill 287, An Act to Amend the Motor Vehicle Accident Claims Act.

Under our current Act a family is not adequately compensated to cover costs incurred when a loved one is killed in a car accident. We feel that by increasing the value claimable, the actual costs incurred at such times are better compensated.

[Leave granted; Bill 287 read a first time]

MR. SPEAKER: Calgary-Buffalo.

Bill 302 Non-Smokers Health Act

MR. CHUMIR: Thank you, Mr. Speaker. I request leave to introduce Bill 302, the Non-Smokers Health Act.

This Bill provides for smoke-free workplaces with a provision for designated, separately ventilated smoking areas.

[Leave granted; Bill 302 read a first time]

MR. SPEAKER: Calgary-McKnight.

Bill 303 An Act to Amend the School Act

MRS. GAGNON: Thank you, Mr. Speaker. I move Bill 303, An Act to Amend the School Act.

The purpose of this Bill is to eliminate ancillary fees in schools.

[Leave granted; Bill 303 read a first time]

MR. HORSMAN: Mr. Speaker, I move that Bill 9, the Arbitration Act, be placed on the Order Paper under Government Bills and Orders.

[Motion carried]

head: **Tabling Returns and Reports**

MR. SPARROW: Mr. Speaker, I would like to file with the Assembly today the following reports: the California Market Potential study, the Alberta Meetings Market Study: Assessment and Potential for Growth, and the Lakeland Tourism Destination Resort Plan.

MR. ELZINGA: Mr. Speaker, I would like to table with the Legislative Assembly for the information of the Members of the Legislative Assembly copies of the Alberta Motion Picture Development Corporation corporate review.

MR. WEISS: Mr. Speaker, it is my privilege to file with the Assembly a number of documents pertaining to immigration in the province of Alberta. There are four separate documents: the first, Immigration to Alberta: Overview from 1985 to 1989; second, 1989 Highlights of Immigration to Alberta; third, Immigration Settlement in Alberta, 1989-90; and fourth and last, Patterns of Concentration and Movement of Immigrant Groups within Edmonton and Calgary. I have sufficient copies as required by statute.

MR. SPEAKER: The Minister of the Environment.

MR. KLEIN: Thank you, Mr. Speaker. I wish to table with the Assembly the reply to Motion for a Return 212 and, in addition, water quality reports on nine Alberta lakes.

MR. SPEAKER: The Member for Cypress-Redcliff.

MR. HYLAND: Thank you, Mr. Speaker. I'd like to table with the Assembly today the annual report of the Water Resources Commission and also a summary of public comments related to wetland management in the settled areas of Alberta. These comments were arrived at during committee hearings this last spring and summer in the province.

head: **Introduction of Special Guests**

MR. MUSGROVE: Mr. Speaker, each year the Alberta branch of the Commonwealth Parliamentary Association in co-operation with the Alberta Department of Education sponsors the parliamentary essay contest. The aim of the contest is to encourage a greater awareness of Parliament and the parliamentary system. This year's first prize winner is Katherine Huggons from Millicent, Alberta. Katherine is a grade 6 student at Duchess school, and today she was honoured for her achievement. Seated in your gallery is Katherine accompanied by her parents, Penny and Colin Huggons. Would they please rise and receive the warm welcome of the Assembly.

MR. KOWALSKI: Mr. Speaker, bursaries are presented annually by the Alberta branch of the Commonwealth Parliamentary Association to nominees from the Alberta Girls' Parliament and Tuxis. The purpose of the bursaries is to increase interest in Parliament among young Albertans. This year's bursary winners from the Alberta Girls' Parliament are Audrey Brosha from the Alberta Council of Girl Guides and Barbara Szybunka from the 4-H association of Alberta. Seated in your gallery, Mr. Speaker, are Audrey and Barbara. Audrey is accompanied by her mother, Mrs. Eleanor Brosha, along with Mrs. June Martin, the chairman of the Alberta Girls' Parliament. Barbara is accompanied by her parents Andrew and Vera Szybunka and as well by Mr. John Tackaberry, director of rural services for Alberta Agriculture. The Szybunka's are relatives of the distinguished Member for Whitecourt. I would ask all of our special guests to rise and receive the warm welcome of the House.

2:40

MR. SPEAKER: Clover Bar, followed by Calgary-North West.

MR. GESELL: Thank you, Mr. Speaker. It's indeed a privilege and a pleasure to introduce to you and all members of the Assembly this year's bursary winner from Tuxis, Mr. David Pollard. Tuxis Parliament is a self-governing body and is not affiliated with any political party. It is open to young men and women from 15 to 20 years of age who are interested in seeking out the challenge expressed in the life of Christ. Seated in your gallery, Mr. Speaker, is David, accompanied by his mother, Mrs. Olga Pollard. Would they please rise and receive the warm welcome of the Assembly.

MR. SPEAKER: Calgary-North West.

MR. BRUSEKER: Thank you, Mr. Speaker. I'd like to introduce to you and to Members of the Legislative Assembly

four special people in my life. Today in the public gallery are my parents, Annette and Theo Bruseker, and accompanying them are my dad's youngest sister, who's visiting here from Holland, and her husband, Nolly and Hans Galavazi. I'd ask that they rise and receive the warm welcome of the Legislative Assembly.

MR. DAY: Mr. Speaker, it's a joy for me to introduce to you today 33 students, bright and energetic students they are, from St. Teresa's in Red Deer. They're accompanied by teachers Mrs. Sheila Spencer and Mrs. Sandy Richard, and parents Mrs. Debbie Chauncey and Mrs. Judy Lansing. I'd ask them to rise and receive the warm welcome of the Assembly.

head:

Oral Question Period

Political Fund-raising

MS BARRETT: The spectacle of two ministers of the Crown holding secret bank accounts stuffed with cash from supposedly unknown donors is not a surprise considering the new low in ethics established by this government in recent years. Now, we've all heard the Minister of Education complain that he needs more cash. He's probably been crying the money blues with the Premier. Now we see that his memory is miraculously restored, that the pressure of the confusion of the questions from the media seems to have helped clear it up, and now he remembers who his donors are. Mr. Speaker, I'd like to zero in now, though, on the Minister of Energy and his incredible spin to try to get his way out of this sordid picture and ask the Attorney General: given that the minister has not denied the report that he held a fund-raiser at the Palliser Hotel just last week without issuing receipts, will the Attorney General immediately investigate the minister's claim that his secret little account is without funds?

MR. ROSTAD: Mr. Speaker, I don't know that something that's announced is secret, the event or the fund. I have had conversations with the hon. Minister of Energy, and the hon. member might want to ask him the question directly. The minister has said that he did have an event and, yes, the money goes into a bank account. To clear things up, he's indicated to the Deputy Premier and to myself that he would transfer that money to his PC association fund, which would then make it come under the auspices of the electoral finances contributions Act.

MS BARRETT: Mr. Speaker, perhaps the Attorney General doesn't understand that that might be in violation of the election finances and disclosure Act. Under section 27, money that you transfer into an account run by your constituency association has to have been receipted. Apparently this fund-raising dinner did not issue receipts. Will the minister look into this matter and determine whether or not it is illegal to transfer those funds now into the constituency account?

MR. ROSTAD: Mr. Speaker, I will indeed do that, but the best advice that I have to date is that that is not illegal and in fact you can do that.

MS BARRETT: Well, if it is not illegal to collect money from supposedly unknown sources, not issue tax receipts, and then put that money, first of all, into a secret slush account and, secondly, transfer it to a constituency account, then why do we even

bother having the election finances disclosure Act, Mr. Speaker? What the heck's the point any more?

MR. ROSTAD: Mr. Speaker, I think that's quite a rhetorical question. I have already given the undertaking to seek legal opinion on this matter, which I will do. I don't see the controversy over putting funds that have been received by someone – you definitely will not get a tax deduction, but the money, once in the PC fund, then is under the auspices of the elections Act and the financial disclosure would have to be authenticated in any expenditures.

MR. SPEAKER: Second main question, Official Opposition.

MS BARRETT: I'd like to designate the second question to the Member for Calgary-Mountain View.

MR. SPEAKER: Calgary-Mountain View.

Heritage Savings Trust Fund

MR. HAWKESWORTH: Thank you, Mr. Speaker. A recent monthly financial report for the Alaska Permanent Fund contains a comparison between the performance of the Alaska Permanent Fund and the performance of the Alberta Heritage Savings Trust Fund. Since 1983 the Alaska Permanent Fund grew by 154 percent in real terms, contrasted in the same period of time with the heritage fund in Alberta, which actually declined in value by 13 percent. Now, this government is always quick to say that they're the best in everything they do, yet when we see a real comparison, the only thing they appear to be good at is coming up short. To the Provincial Treasurer: what steps, if any, is he going to be making in the management of the Heritage Savings Trust Fund to ensure that its performance measures up to what it could and should be, not what it is?

MR. JOHNSTON: There's a fundamental difference between the Heritage Savings Trust Fund and the Alaska fund. Since the member has asked for a fairly comprehensive answer, I think it's only fair that I have an opportunity to compare and contrast, because that's essentially what he has said.

Let me begin by saying that the Heritage Savings Trust Fund is probably the most unique form of fund ever established by a free democratic society and has in fact fulfilled its purposes of, number one, providing a major assistance in the fiscal plan of this government and, secondly, providing major assistance in diversifying this economy. Those are the clear objectives, Mr. Speaker. When I talk about our economy, I talk about investments which are meaningful to Albertans in terms of generating diversification and doing unique things in terms of providing jobs and creating economic value in this province, as opposed to the Alaska fund, which invests in assets outside of their own state. Now, we have made a conscious decision that we want to ensure that the maximum economic benefit goes to the province of Alberta, and that's why the investments are essentially investments which further the interests and economic objectives and goals of the province of Alberta.

Secondly, Mr. Speaker, the income from the Heritage Savings Trust Fund itself, as all Albertans know, goes to the General Revenue Fund to reduce taxes. We transfer all the money from the heritage fund to the General Revenue Fund. Over the course of the life of the heritage fund that has amounted to about \$12 billion, almost equal to the financial assets in the fund right now. This last year alone over \$1.3 billion was transferred

to the General Revenue Fund. Obviously, if all the income is stripped away from the fund, it will not have a real rate of return. That's a clear policy difference, and you should not use the rate of return comparisons to argue that the Alaska fund is any better or any worse than the Alberta Heritage Savings Trust Fund. The purposes are different and the . . .

MR. SPEAKER: Thank you, hon. member.
Supplementary.

MR. HAWKESWORTH: Well, what's unique about the trust fund in Alberta is that their assets go down while others' assets go up. At that rate it's going to disappear.

The independent managers of the Alaska Permanent Fund give their citizens a monthly financial report that's prompt and up to date, because they're proud of what they have accomplished and they want their people to know about it. This government, by contrast, only issues quarterly reports that are frequently six or more months out of date. Perhaps they're not quite so proud of their performance. Will the Provincial Treasurer take a leaf out of the book of Alaska and place the trust fund investments at arm's length away from cabinet and report on a monthly basis to the people of Alberta about the trust fund's performance?

2:50

MR. JOHNSTON: It just goes to show how little the Member for Calgary-Mountain View knows about the business world. All major corporations report quarterly. That is accepted practice, that's the direction of this House, and that's what we'll continue to do.

Let me say, Mr. Speaker, that in terms of the accountability of the Heritage Savings Trust Fund, it seems to me that there's another fundamental difference where we disagree with the socialists across the way. They would rather take the management of the Heritage Savings Trust Fund, which belongs to Albertans, and place it in the hands of somebody else. We want to take the management of the Heritage Savings Trust Fund and invest it where it is responsibly accountable, in the Legislative Assembly of Alberta. That's a major decision. We disagree strongly with that recommendation from the Marxist-Leninists across the way.

MR. HAWKESWORTH: Well, what this government knows about business, Mr. Speaker, is that their loan program has been a disaster, their promise of a balanced budget is in shambles when they present the Legislature with a Bill to go \$2 billion deeper in debt, and their privatization of AGT and losses at NovAtel have been an expensive and embarrassing fiasco. So I'd like to ask the Provincial Treasurer whether he will confirm that as part of their ongoing pattern of mismanagement and bad judgment it is the intention of the government to sell off the heritage fund's holdings in the Alberta Energy Company later this year without getting the prior approval of the Legislature.

MR. JOHNSTON: Mr. Speaker, the member is jumping to conclusions. I would warn him that any statements he makes in the House may well affect the market. I know he has no responsibility and does not talk about responsibility, but those kinds of casual statements are, in fact, market sensitive. I remind the member of that. He doesn't know what the marketplace is like in any event, so you have to discount anything he has to say.

Let me say this, Mr. Speaker. The people of Alberta know two things. They know that in Alberta we have a balanced budget, a balanced budget, and that's it. We have listened to the people of Alberta who have said to us as government: reduce your spending, do not increase taxes, and get the balanced budget in place. We have done just that.

A major assistance to the people of Alberta has been the Heritage Savings Trust Fund, where, as I've said, over the past year we have transferred well over \$1.3 billion to allow Albertans to have the lowest personal income taxes of any province in Canada, the widest diversification, a period of strong economic growth compared to other provinces, the only province in Canada without a retail sales tax. I will take that argument, that profile, that policy anywhere in Alberta and debate it with anyone. The people of Alberta should be proud of it, Mr. Speaker, and they are.

Political Fund-raising (continued)

MR. DECORE: Mr. Speaker, my first question is to the Minister of Energy. Finding out about the special political funds was problem enough for the minister and the government, but now with the contradictory statements made by the Minister of Education, I think a credibility gap has developed for the government and for the ministers. There are some who muse, who think – you only need listen to the talk-back programs today. Some people believe that there are special privileges given to these people who have contributed to the ministers' special funds. I think it's important to clear that all up. Would the minister agree, therefore, to the filing of a report in this Assembly indicating who donated, what was donated, and whether or not any of these people, Mr. Minister, were appointed to any board or tribunal in your ministry or in any other ministry where you assisted in access, and, lastly, whether or not any of these donors were given contracts either from your department or any other department that you helped access?

Speaker's Ruling **Questions outside Ministerial Responsibility**

MR. SPEAKER: The first of series of questions the minister cannot answer directly. The first set of questions can go to the Attorney General. That's *Beauchesne* 412.

MR. DECORE: Well, perhaps the Deputy Premier . . .

MR. SPEAKER: I'm sorry, hon. member. The government bench will decide who answers, but it cannot be the Minister of Energy.

Political Fund-raising (continued)

MR. ROSTAD: Mr. Speaker, I'm not sure what the first part of the question is. If we can have it repeated or else go onto the next question.

MR. DECORE: Mr. Speaker, I asked that a report be filed with this Assembly indicating who the donors were, and the really important part of this report is to disclose if any of these donors have been appointed to boards and tribunals in the province since 1989 and whether any of these people have been in any way participants in contracts that they've received from the government.

MR. ROSTAD: Mr. Speaker, I'm not aware of the list that the hon. member may have, but I'm certain that when you have 450 people attend, there would be people who contributed that would be serving on some board voluntarily or for some meagre stipend. It's not connected.

MR. DECORE: Well, Mr. Speaker, I don't want this deflected. Perhaps the minister still didn't understand my question. Will he agree to the filing of a report, require some investigation to be done to see whether these donors to these two ministers since 1989 have been appointed to boards and tribunals or whether they've benefited somehow from contracts given by the government?

MR. ROSTAD: Mr. Speaker, the events and the funds that the minister had are not contradictory to any of the disclosure or regulations that we have right now. There are many events that are held by elected officials on both sides of this House where funds are brought in and expended and are not accounted for because they're not receipted. I think it's preposterous to try and single out one minister who hasn't done anything contrary to our rules of elected officials and has also indicated that he would take the funds that are there and put them over. I think both the Minister of Energy and the Minister of Education are honourable people and have not done anything nefarious.

MR. DECORE: Mr. Speaker, there is a perception amongst many Albertans that the rank and file in Alberta have been excluded from participating in these boards and tribunals or excluded from contracts because special friends get to the minister, provide him some assistance, and get special treatment. Now, I think this warrants an investigation. Will the Attorney General agree to do that?

MR. ROSTAD: Mr. Speaker, there are hundreds, in fact I could probably put them into thousands, of people who serve in various capacities through this government and in other volunteer organizations, and I think it's not very kind of the member across to impute to them nefarious ways that they got onto these. That is not the case. They're exemplary Albertans, as are the two ministers that the allegations have been against.

MR. SPEAKER: Athabasca-Lac La Biche.

Alberta-Pacific Pulp Mill

MR. CARDINAL: Thank you, Mr. Speaker. My question is to the hon. Minister of the Environment. I understand that today Mr. Justice Agrios ruled that the director of standards and approvals within Alberta Environment did not have his discretion fettered by political interference when issuing the construction permits to Alberta-Pacific. The case was brought before the courts by the Friends of the Athabasca and other friends alleging that those permits were issued illegally. Now, I had to bring this issue to the House because I know the Official Opposition environment critics, the whistle blowers to my left here, would not bring forward the issue, because when the city of Edmonton dumped 6 million litres of raw sewage into the river, where were they? They were hiding under their desks. My question to the hon. minister today is: can he tell this House what effects this decision will have on the operation of his department?

MR. KLEIN: Well, quite simply, the ruling today was certainly in favour of the government and the action we took relative to

the issuance of permits under the Clean Water Act and the Clean Air Act as it related to the Alberta-Pacific pulp mill. Mr. Speaker, there were some interesting comments by the judge, and I quote directly: the director of standards did a thorough, diligent, and competent job, free of any political interference. Another quote: Alberta Environment is to be commended for a wonderful job relative to this situation and the preparation work that we did; the director was in no way fettered by the Minister of the Environment or any member of Executive Council. I think that that's very important.

Here's the most important thing, Mr. Speaker. This is, I guess, a statement relative to actions that may be brought against the government and really the taxpayers of this province who have to pay for these actions: the applicants are directed to pay costs at a column 6 schedule, which is the highest level permissible, and all disbursements related to that court action.

MR. SPEAKER: Supplementary.

MR. CARDINAL: Thank you, Mr. Speaker. I don't have a supplement.

MR. SPEAKER: Thank you.

Edmonton-Mill Woods. Edmonton-Mill Woods. Edmonton-Mill Woods, for the third time of asking.

3:00 Workers' Compensation Board

MR. GIBEAULT: Thank you, Mr. Speaker. My questions today are to the minister responsible for the Workers' Compensation Board, but after missing two days, I see he couldn't even sit through one question period here. Do you think we might be able to get . . . [interjections]

MR. SPEAKER: Take your place. [interjections] Take your place.

Calgary-McKnight. [interjections]

Speaker's Ruling Referring to the Absence of a Member

MR. SPEAKER: Hon. members, Edmonton-Mill Woods was invited to speak three times. Now, on the third time, if you listen to the record, it sounds like he doesn't have a question to ask, because he made a comment about a particular minister not being in the House.

MR. FOX: Only the Premier who can do that.

MR. SPEAKER: Thank you, hon. members.

Now, Edmonton-Mill Woods, do you have a question?

MR. GIBEAULT: Yes, indeed.

MR. SPEAKER: Thank you. Now I'll recognize you.

Workers' Compensation Board

(continued)

MR. GIBEAULT: Since the minister is not available that I'd like to ask the question to, I'll ask somebody over there if he might be able to speak for the absentee minister about the Ombudsman report. [interjections]

Speaker's Ruling Referring to the Absence of a Member

MR. SPEAKER: Hon. member, take your place. This is such foolishness.

MR. GIBEAULT: It is when he doesn't show up.

MR. SPEAKER: Stop it, please, hon. member. You may ask a question, but you'll do it in the correct form. If you violate that for the third time, I'm sure we'll find some other recourse as to how to deal with you.

Workers' Compensation Board

(continued)

MR. GIBEAULT: Mr. Speaker, yesterday's Ombudsman report showed that for 1990 the complaints about the government of Alberta by the citizens went down 5 percent, but for the Workers' Compensation Board the number of complaints that were investigated went up 44 percent over last year. The number of complaints that were supported – that is, where the WCB was found to be at fault – went up by 77 percent. I'd like to ask this government to explain these shocking increases in complaints by injured workers over the WCB and what they propose to do about that pathetic state of affairs.

MR. KLEIN: Mr. Speaker, in the absence of the hon. minister I'll be very, very happy to take the hon. member's question under notice.

MR. GIBEAULT: Mr. Speaker, given that the Ombudsman report clearly shows that more and more injured workers in Alberta are dissatisfied with the treatment they receive by the Workers' Compensation Board, can we get some commitment from the board to tell us when the WCB will start to adhere to its own principles of "client satisfaction" and "benefit of doubt goes to worker"? When are we going to start to see that?

MR. KLEIN: Mr. Speaker, the question will be taken under notice on behalf of the hon. minister.

MR. SPEAKER: Calgary-McKnight.

Ombudsman's Report

MRS. GAGNON: Thank you, Mr. Speaker. The Ombudsman's report, which was tabled yesterday, raises a number of very important issues indicating that Alberta has to improve its legislation and guarantee fairness of treatment by government and its agencies for all Albertans. The Ombudsman has asked that the Ombudsman Act be amended to include a clause which would protect complainants against retribution and recrimination from government and government agencies. To the Deputy Premier: will the Deputy Premier make a commitment to this Assembly that his government will review the issue of complainant protection and support the Ombudsman in his very legitimate request?

MR. HORSMAN: There are two questions in that particular exchange. The Ombudsman's report, which was tabled in the Assembly yesterday, is certainly going to be reviewed, and his recommendations will always be given careful consideration by the government. That will certainly be the intention. We will be having discussions in due course with the Ombudsman.

I would point out, of course, that the Ombudsman reports to a standing committee of this Legislature, and no doubt that committee will also want to have some further discussions with him relative to his recommendations.

MRS. GAGNON: Mr. Speaker, I would have asked my questions of that chairman, but, you know, he's not here, which I'm not supposed to mention.

My second question is again to the Deputy Premier. The Ombudsman also indicated that information about an individual contained in government files should be available to that individual with a few exceptions. He quoted Mr. Stephen Owen, the Ombudsman for B.C., who said, "Perhaps nothing is more disarming of public controversy than openness." Mr. Deputy Premier, is your government prepared to initiate access to information legislation to ensure an individual's access to government information on them as a matter of fair administrative practice?

MR. HORSMAN: Once again, Mr. Speaker, that recommendation, which was contained in the report tabled just yesterday, is one of those recommendations which the government will give careful consideration to in the months ahead. That will, of course, as I indicated earlier, be . . .

MR. WICKMAN: You've got to do it, Jim. That's not good enough.

MR. DECORE: Freedom of information.

MR. HORSMAN: The leader of the Liberal Party and the Member for Edmonton-Whitemud aren't satisfied with the way their own caucus member asked the question, so they keep on asking. It's really most puzzling that they don't have confidence in their own member.

We shall be taking this matter under consideration, and we will be consulting with the Ombudsman on those recommendations. They have just come forward, as I indicated, in the report which was tabled yesterday.

Premier's Trade Mission

MR. DAY: Mr. Speaker, my question is to the Deputy Premier. Last week on a number of occasions the Premier stood in the Assembly and gave fairly extensive reporting on his trip, including people he would be talking to, cities he would be visiting, what items were going to be discussed. On a number of those occasions the information was drowned out by the screaming and foot stomping across the way, so much so, actually, that the media couldn't even hear it and therefore did not report on it. There has been a lot of interest from Albertans about this trip, probably because it's the first trip off the continent that the Premier has taken in six years, so I wonder if the Deputy Premier can advise us and advise Albertans if he's been in touch with the Premier and what has transpired to date with meetings today.

MR. HORSMAN: Mr. Speaker, I was fortunately absent from the Assembly and missed the spectacle created by the opposition last week, but I did read about it when I returned.

Today I can advise the hon. members of the Assembly that the Premier had an extensive meeting with the Rt. Hon. John Wakeham, Secretary of State for Energy of the United Kingdom government, and during the course of that meeting they had

extensive discussions relative to the energy industry, relative to energy investments within Alberta and vice versa with respect to Alberta investment in the North Sea, where there are, of course, extensive Alberta investments in place now. They also discussed at some length the issue of energy pricing and the prospects for securing a stable energy price.

MR. FOX: It's all pretty exciting, but I think I'll wait for the video.

MR. HORSMAN: The hon. Member for Vegreville may not think the energy industry in Alberta is important, but most Albertans do, I think.

This evening the Premier is attending a dinner hosted by the high commissioner to the United Kingdom, the Hon. Donald Macdonald, and he will be joined by a cross section of United Kingdom business, financial, and political leaders. That is an important occasion. The Premier will have an opportunity of advising those key leaders in the United Kingdom of investment opportunities and trade concerns that Canada and Alberta have with respect to the issue of the role the United Kingdom will play in the GATT discussions, which are fortunately going to recommence. Therefore, it has been an extensive day of activities. I hope most Albertans with any reason will appreciate the importance of this type of representation of our province in this key financial community of London, in the United Kingdom.

3:10

MR. SPEAKER: Red Deer-North.

MR. DAY: Thank you, Mr. Speaker. A supplementary. It's a curious spectacle to see opposition members wanting details and then shouting down the details when they come forward.

I wonder if the Deputy Premier could advise the House, in light of the fact – the Premier indicated that when he returned he would file a report on the trip. However, there is great day-to-day interest in this ongoing trip. Could the Deputy Premier advise of meetings that will be in place for tomorrow? [interjections] If he can speak above the opposition shouting.

MR. HORSMAN: Mr. Speaker, yes, there is a great deal of interest in this particular trip. As a matter of fact, one of Alberta's major news dailies has dispatched a reporter just to cover the event, no doubt to do so in the hopes of providing a positive report. [interjections] The hon. Liberal leader . . .

MR. SPEAKER: All right, Mr. Deputy Premier. Why don't you sit down for a while? Hon. members, there is such a thing as common courtesy.

Deputy Premier, please.

MR. HORSMAN: The hon. Liberal leader knows from his own travels extensively abroad when he was mayor of Edmonton how important it is to represent a community or, in the case of this particular visit, for the Premier to represent the interests of Alberta and the interests of Canada in such matters as the GATT, as I indicated. Tomorrow it will be the Premier's privilege to meet with Her Majesty the Queen during the course of the Ascot race events. That, of course, is an appropriate occasion for the Premier to renew his acquaintance with Her Majesty and to, I am sure, carry with him the best wishes of Albertans for her continued good health in her lengthy reign as the sovereign of our country and the Queen of Canada.

MR. SPEAKER: Calgary-Forest Lawn.

Elbow Valley Development

MR. PASHAK: Thank you, Mr. Speaker. Last week the Minister of the Environment gave approval to a land use redesignation in an environmentally sensitive area that will permit a development called the Elbow Valley golf and polo club to proceed. The minister knows that this development is strongly opposed by the city of Calgary, local residents, and health authorities. My question to the minister is this: given that the minister is requiring other major recreational and residential developments like the Three Sisters Golf Resorts to undergo environmental impact assessments, why did the minister not require an EIA for the Elbow Valley development? Why this double standard?

MR. KLEIN: I think we have gone over this time and time again. Obviously, Mr. Speaker, the hon. member refuses to listen to the answer. Also, his statement today is absolutely wrong. It's factually incorrect. This minister gave no approvals whatsoever, nor am I in a position to give any approvals. Approvals come under the Clean Water Act. They might come under the Hazardous Chemicals Act. They might come under the pesticide Act. There are different Acts that might apply to this particular situation. The department said that the development proposed is compatible with uses allowed in the restricted development area. That's all.

The land use redesignation and the use of the subdivision is up to municipal approval, and that is going through the process now. When all those approvals are in place, we will then look at the application relative to sewage treatment, relative to the use of water, relative to the use of fertilizers and pesticides on the golf course, and make an adjudication as to whether those permits should be issued or not. But thus far we have issued – now listen to this – no permits. Perfect.

MR. PASHAK: Well, I'm very glad to hear that, but I still think that this project proposes such a serious risk to Calgary's drinking supply system that there should be a full-blown environmental impact assessment study done before this development proceeds any further. Why doesn't the minister order an environmental impact assessment?

MR. KLEIN: First of all, Mr. Speaker, there are adequate municipal processes to go through to hear the public on environmental matters. Now, what I have committed to do is a baseline study on the Elbow River relative not only to that development but with respect to all other developments that have already taken place or that might take place in the future to determine if indeed there is a risk to Calgary's water supply and, if there is a risk, what mitigating factors must be put in place to eliminate that risk.

With respect to the very specific application that is going to be used here, there's a very, very interesting factor in all of this. When I was the mayor of the city of Calgary, there was an annexation order applied to take that land in. I've asked a fundamental question of the existing administration: had the city had control of that land at this very time, do you think they would have put it into park use? Well, I can tell you, the intention was not to put it into park use; the intention was to subdivide it and develop it in a very significant way.

With respect to the specific treatment of sewage, the treatment involves a process that will take all the effluent and put it

back onto the land. Nothing will be discharged into the river. Having said that, we will still do a detailed examination of that process and determine at that time whether or not a permit should be issued.

MR. SPEAKER: Calgary-North West.

Employment Training

MR. BRUSEKER: Thank you, Mr. Speaker. Earlier this year the Department of Career Development and Employment developed a new program to help employable social assistance clients develop their job search skills. The six-week program, however, is not being offered by the department but is instead being offered by the Columbia Institute at a cost of \$1,000 per client, and there's no follow-up evaluation to see how well these clients do. My initial question to the Minister of Career Development and Employment is: why is the program being offered by a private institute at a much greater cost and without any follow-up rather than being offered by the department?

MR. WEISS: Mr. Speaker, to the members of the Assembly, I find that very interesting but not very objective. Contrary to what the hon. member refers to, we are evaluating and will continue to do so. I'd like to state that the objective of the program within the department itself is to make the most effective use of available resources, and that's exactly what we've done in contracting it out to Columbia Institute, which, I believe, certainly have a very proven track record in his home city. If he wishes to question that, I would hope he'd get that on the record, because I think that has proven itself.

Part of the criteria used in the selection of fee-for-service contractors ensures that services will be of the highest quality, and as I've indicated, Mr. Speaker, I'm very confident that that is of the highest quality. Because the program is so new – in the case of Edmonton, for example, it's just in the initial start-up phase – it's too early to have a full, detailed evaluation. I want to assure the hon. member and all members of this Assembly that that evaluation will take place and that performance record and overall record will be available and will be filed by this member to be reviewed by all.

MR. BRUSEKER: Mr. Speaker, the minister talks about the "highest quality," yet the Department of Advanced Education won't even license this private vocational school to deliver the programs that it's delivering. My question to the minister is: if the quality is so high, why do you have to go to an unlicensed facility rather than using the Alberta Vocational Colleges we've already got?

MR. WEISS: Well, Mr. Speaker, I guess the hon. member wasn't able to listen to the first part of my response, because I said that our objective was to make the most effective use of available resources. I made that decision as the minister responsible, and I stand on that, and that was to get the best bang for our buck. I truly believe that the end result, working in collaboration with the Minister of Family and Social Services and the associate minister, will be a more effective use of our dollars by delivering it the way we have chosen to than by the other route.

MR. BRUSEKER: Why do we have the Alberta Vocational Centres?

MR. SPEAKER: Order please. You asked your two questions. Calgary-Fish Creek.

3:20 Gas Exports to the U.S.

MR. PAYNE: Mr. Speaker, the National Energy Board recently approved a \$2.4 billion expansion of the TransCanada PipeLines system that will move Alberta natural gas to the northeastern region of the United States. This expansion will obviously enable energy consumers in the northeast to switch from burning imported offshore crude oil to Alberta natural gas. I'm wondering: could the Minister of Energy advise the Assembly of any estimates that his department might have made of the magnitude of this potential conversion to natural gas?

MR. ORMAN: Well, as the hon. member has pointed out, residual fuel oil is a major contributor to the acid rain problem in the United States and Canada. The Iroquois project, which will deliver in excess of 500 million cubic feet a day of natural gas, will replace approximately 30 million barrels a year of imported crude oil. This, Mr. Speaker, is really the essence of the strategy that the government has embarked on with the producers to take advantage of environmental concerns for oil-based power generation by replacing it with the cleanest burning fossil fuel, and that's natural gas. As a result of the Iroquois project and that strategy, we are beginning to see the replacement of crude oil with natural gas from Alberta.

MR. PAYNE: Mr. Speaker, these are certainly encouraging developments for our natural gas producers. I'm wondering: could the minister bring the Assembly up to date on natural gas sales proposals that have received recent approval from the National Energy Board?

MR. ORMAN: We have just recently approved a removal permit for Sceptre Resources of Calgary for 20 million cubic feet a day of natural gas, and this is a 15-year, long-term contract to supply natural gas to New England Power. The reason New England Power has entered into this natural gas contract with Sceptre Resources is so they can replace residual fuel oil with natural gas, and it is in response to the state of Massachusetts' acid rain law. Mr. Speaker, this will replace high sulphur content fuel oil. It is something that is a result of the legislative movement in the United States as a result of the clean air strategy in that country. It certainly is one of many future opportunities that gas producers will have in terms of taking advantage of environmental concerns in the northeast part of the United States. It also reflects that Alberta producers can move gas from Alberta to New England to New Jersey and the state of New York and be competitive with gas that already moves there from the southeast United States.

MR. SPEAKER: Edmonton-Belmont.

University of Alberta Labour Relations

MR. SIGURDSON: Thank you, Mr. Speaker. I'll direct this question to the Deputy Premier. Due to inadequate funding, postsecondary institutions – colleges, universities, technical institutions – have been forced to make a number of changes that affect staffing and the quality of instruction, capital construction projects, et cetera. Now, again due to inadequate funding, we see the University of Alberta calling for tenders for cleaning contracts while at the same time they negotiate a contract with their nonacademic staff. Mr. Speaker, 3,000 of

those nonacademic staff at the University of Alberta are concerned about the funding levels at the university because it directly affects their jobs. I would ask the Deputy Premier to respond on behalf of the Minister of Advanced Education. Would the Deputy Premier assure those workers, some of whom are negotiating a contract, that their jobs will not be privatized when they reach a settlement with the University of Alberta?

MR. HORSMAN: I can hardly believe my ears to have an hon. member stand in this Assembly and suggest that the government interfere with the autonomy of the board of governors of the University of Alberta in terms of its relationship with its employees. Mr. Speaker, the universities and the colleges and postsecondary institutions in this province are funded better than anywhere else in Canada. That is a fact. It has been so for a very long time, and it continues to be so. One of the key elements that must be kept in mind is that there must be integrity on the part of the boards of governors and that there be no political interference by the government in the affairs of the universities of this province.

MR. SIGURDSON: Well, Mr. Speaker, I can hardly believe my ears either, and I'm sure the students at the university, the nonacademic staff, the staff themselves can hardly believe their ears given the Deputy Premier's response.

I'll direct my supplementary question to the Minister of Labour. I'm sure the Minister of Labour would want to comment on whether or not an ad that appears in a newspaper contracting out your job while you're in the process of negotiating a contract would constitute an unfair labour practice, but I want to know, more importantly, if the Minister of Labour would agree that it's time to bring forward an amendment to the Labour Relations Code that would prohibit such a tactic being taken by an employer during a negotiating period.

MS McCOY: Mr. Speaker, the collective bargaining process, the labour relations for the University of Alberta, is dealt with through the Universities Act, and if there are any such complaints, I would be more than happy to have them brought forward through the appropriate channels.

MR. SPEAKER: Calgary-Buffalo.

Police Chases

MR. CHUMIR: Thank you, Mr. Speaker. This is to the Solicitor General. The recent 200-kilometre-per-hour chase of a motorcycle by a souped-up Mustang shows that the RCMP are totally out of control and oblivious to public concern with respect to safety on our highways. Now, unlike other police forces in Alberta which are subject to open public review by police commissions, the review of high-speed RCM Police chases takes place more or less in the back rooms of the Solicitor General's office. The one thing that is clear is that the Solicitor General hasn't brought the RCMP chase process under control. Instead of safety we get hot cars. I'm wondering: since the Solicitor General's backroom approach hasn't worked, is the Solicitor General prepared to open up the accountability of the process so that in the interest of public safety we get monthly public reports of the way in which the RCM Police are carrying out their chases?

MR. FOWLER: Mr. Speaker, I've not been handed the keys to my back room yet, so I don't really know what goes on there.

Nonetheless, I think a legitimate concern has been raised about the most recent high-speed chase on Highway 2, and I'm having that thoroughly looked into. I wouldn't mind at all undertaking to bring a report to the Assembly on that as soon as I receive it. It appears on the surface that there may have in fact been a couple of guidelines breached in this matter.

MR. CHUMIR: Well, if the Solicitor General doesn't have the key, who does? He's the one who's responsible. There's no police commission.

I'm wondering: if he is going to get a report, will he ensure that that report provides information as to whether or not the supervisor who's responsible for calling off these chases was in contact with the driver of the RCMP vehicle, as he was supposed to be; if he wasn't, why not; and if he was, why didn't he call off a 13-minute, 200-kilometre-an-hour chase?

MR. FOWLER: Mr. Speaker, the hon. member raises again entirely legitimate questions which I have put before K Division of the RCMP – precisely those questions, as a matter of fact – and I expect to be able to respond to those questions in due course.

MR. SPEAKER: Thank you, hon. members. Question period has expired almost. We're waiting for a member to come back into the House so she can ask her question which she commented on earlier. So we will wait for a moment.

Ombudsman's Report

(continued)

MRS. GAGNON: Thank you, Mr. Speaker. You're referring to my question to the chairman of the Legislative Offices Committee?

MR. SPEAKER: Yes. You recognize the fact that the member is in the House, so perhaps you'll ask the question, and we'll get his response.

Thank you.

MRS. GAGNON: Thank you very much, Mr. Speaker. I wish to know from the chairman of the Legislative Offices Committee if he will commit to a review of the Ombudsman's report of yesterday, specifically in the area of complainant protection, and if he . . . I'll keep that for a second one. Thank you. If he'll commit to the review.

3:30

MR. BOGLE: Mr. Speaker, the hon. Member for Calgary-McKnight will be well aware, as indeed she is a member of the all-party Standing Committee on Legislative Offices, that the three officers who report to the Assembly, those being the Chief Electoral Officer, the Auditor General, and the Ombudsman, report through the Legislative Offices Committee. It's been the practice of the committee for a good number of years, in fact well in advance of either the hon. member's participation on the committee or my own, for the committee to examine very carefully recommendations made by any and all of the three officers who report to the Assembly through the said committee. I would assume that the commitment made by the committee approximately eight months ago to the Ombudsman – the matter would be reviewed and will certainly be honoured.

MR. SPEAKER: Before we get on to any other item, I understand there's now a point of order coming which the Chair

was not aware of. Might we revert to the Introduction of Special Guests?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried. Thank you.
Grande Prairie.

Introduction of Special Guests *(reversion)*

DR. ELLIOTT: Thank you, Mr. Speaker. It's a special pleasure today to introduce to you and to members of the Assembly a group of 65 people from my hometown of Beaverlodge, students and parents and teachers. These people are in the members' gallery, and they're under the leadership today of Mr. Alan Walker and Mrs. Ruth Hunter. I'd ask that they rise and receive the warm welcome of the Assembly.

Point of Order

Explanation of Speaker's Ruling

MR. SPEAKER: Edmonton-Belmont.

MR. SIGURDSON: Thank you, Mr. Speaker. I'm citing 13(2) of our Standing Orders. I'm at a loss to understand, sir, how it is that the Member for Calgary-McKnight put questions to the Deputy Premier which were responded to because the chairman of the Legislative Offices Committee wasn't present in the Assembly – and it was drawn to everybody's attention that the member wasn't here at the time the questions were being put – and how subsequently when the Member for Taber-Warner showed up in the Legislative Assembly that member was then allowed to ask questions. Is it now going to become policy of the Assembly that if a member in the opposition points out the absence of a front-bench member of the Assembly, when that minister shows up . . . For example, today I would have put my question to the Minister of Advanced Education. When the Minister of Advanced Education next shows up, will I be afforded the opportunity to put that same question after question period to that minister?

MR. SPEAKER: Well, the hon. member is very much aware of the fact that in terms of question period there's a different pace every day, and some events speed up and overtake all the various notes and other kinds of things that happen in the House let alone up here.

In question period today we had an unfortunate exchange with the Member for Edmonton-Mill Woods, who refused to take the first admonition of the Chair and persisted in making comments that were contrary to *Beauchesne* 481(c). That in itself was unusual. Then the acting minister for Occupational Health and Safety took the first question as notice and also the supplementary as notice after the Member for Edmonton-Mill Woods was allowed to continue. It was the Chair's understanding that when the Member for Calgary-McKnight then came to her supplementary question, made some comment to the Deputy Premier that in light of the fact of the absence of a certain member of the House, therefore, certain things would happen, the Chair took that as being notice that when the member who was chairman of that particular committee returned to the House the matter could proceed, and on that basis the Chair allowed it to proceed.

Again, the Chair would point out that supplementary questions and their direction fall under *Beauchesne* 414, so it's in that regard. Again, thank you for the opportunity to underline the

fact that it really is a breach of parliamentary etiquette to refer to the absence of members. If it persists, hon. members also realize that the counterbalance will occur from the other side of the House. It's a waste of everyone's time as well as being a violation.

Is this a new point of order, hon. member?

MR. FOX: Just in 13(2) on the . . .

MR. SPEAKER: Is this a new point of order?

MR. FOX: The deputy House leader of the opposition would like to know then, Mr. Speaker: if the Minister of Advanced Education had come into the House after the questions had been put by the Member for Edmonton-Belmont, would he then have been able to ask questions of the minister after question period had expired? Would that privilege have been extended to the Member for Edmonton-Mill Woods if the minister for Occupational Health and Safety had returned to the House after . . .

MR. SPEAKER: Take your place, hon. member.

The practice of the House has been that when things go on notice at the first opportunity, then sufficient opportunity is given to members in the House to ask their question. Usually, it goes: supplementary information from the minister who has had a chance to read *Hansard*; then a supplementary question to follow, even though it may be a third one, from any member of the House; and then the minister replies. So there's been no violation of what the procedure is today. [interjections] Order please.

MR. FOX: You didn't answer my question.

MR. SPEAKER: Order. Take your place, hon. member.

MR. FOX: Well, Mr. Speaker . . .

MR. SPEAKER: Take your place, hon. member.

head: **Orders of the Day**

head: **Government Motions**

Heritage Savings Trust Fund

19. Moved by Mr. Johnston:

- Be it resolved that this Assembly, pursuant to section 6(4.1) of the Alberta Heritage Savings Trust Fund Act, authorize for the fiscal year ending March 31, 1992, the making of investments under section 6(1)(c) of that Act in
- (1) the Alberta Agricultural Development Corporation in an amount not to exceed \$179,000,000 in aggregate,
 - (2) the Alberta Opportunity Company in an amount not to exceed \$39,000,000 in aggregate, and
 - (3) the Alberta Mortgage and Housing Corporation in an amount not to exceed \$87,000,000 in aggregate.

MR. JOHNSTON: Mr. Speaker, in moving Resolution 19, which we do every year at this time, we have an opportunity of celebration as well as an opportunity to talk about the future and certainly an opportunity for the Legislative Assembly to provide valuable dollars to these three important agencies of the Crown, the Ag Development Corporation, the Alberta Opportunity Company, and the Alberta Mortgage and Housing

Corporation, and to ensure the full accountability of the Heritage Savings Trust Fund to the Legislative Assembly. It is part of the decision-making process that each year the Legislative Assembly by way of resolution appropriates or votes for the use of these three entities funds to provide loans for various operations. Of course, on top of that we have a full opportunity for the Heritage Savings Trust Fund to be debated as the capital projects division moves through the Assembly. Still further, under the capable chairman, the Member for Cardston, Mr. Ady, in fact the Heritage Savings Trust Fund committee then has an opportunity to review and consult and call witnesses, in particular ministers, to talk about the way in which the disposition of those funds was handled.

So as I say, Mr. Speaker, it's an opportunity for us today to talk about a celebration of success. In fact the Ag Development Corporation, the Alberta Opportunity Company, and the Alberta Mortgage and Housing Corporation have achieved a series of successful reports and today are continuing their operation in the province, providing needed assistance and funding to important sectors of our economy.

First of all, let me talk briefly about the Ag Development Corporation. I won't go on to any great extent, except to say that this year the Ag Development Corporation is asking for funding to carry out its program of providing assistance to the farming and agricultural businesses across the province. Especially this year, Mr. Speaker, we also have the corporation providing funding for the disaster assistance program administered through Municipal Affairs, Alberta public safety services. As a consequence this program, which has been announced by my colleagues, will be using funds, interest-free loans, to provide assistance and to stabilize the farming community in those areas. The '91-92 borrowing requirements of \$179 million are our best estimate at this point. It is possible – and I put this on the table now – that the demand on the Ag Development Corporation because of the southeast disaster assistance loan program as well may in fact require more funds to be provided, but our best estimate at this point is \$179 million.

3:40

I should also say, Mr. Speaker, that of course the money is recirculated within the entity. That is, loans are being repaid under the current conditions, and those funds are being reinvested by the corporation at the same time in still further assistance to the farming community: a statement of success, a statement which provides assistance to the farming community, which uses the resources of the Heritage Savings Trust Fund via these debentures to invest in the funds of another entity, keeping the money within the system, keeping the money in the province of Alberta, and providing the objectives of assistance to the farming community here in this province.

[Mr. Deputy Speaker in the Chair]

Secondly, the Alberta Opportunity Company, AOC, as well will require, I think it is, \$39 million from the Heritage Savings Trust Fund this year. That money will be used to assist the small business sector of this province in needed loans, providing expansion, new jobs, new investment, diversification to the small business sector in particular, and is a move to move behind the normal kinds of credit provided by the financial institutions in this province generally at the margin. That is to say, if the appropriate loan may not be quite as fully acceptable to the other credit system, the credit grantors, in fact there's an opportunity to apply to AOC. Thousands of small businesses

across the province, thousands of jobs have been generated, and diversification to strengthen the economy is now showing up in the economic performance measured in this province compared to other provinces. Certainly we want to continue to assist AOC itself.

I should note that AOC also borrows money from the General Revenue Fund to assist in the so-called venture capital and seed programs. Those dollars are separate and apart from this money I'm requesting today for the normal program operations of the corporation.

Finally, Alberta Mortgage and Housing Corporation, AMHC – a little more confusing in terms of what's happening this year, Mr. Speaker. The Alberta Mortgage and Housing Corporation is asking for \$87 million in aggregate. I should note, and I think all members are aware, that as a result of the success of my colleague the Minister of Municipal Affairs, AMHC has privatized much of its portfolio. That is still an ongoing process. Certainly the individual housing program was sold very effectively by the minister and Alberta Mortgage and Housing Corporation. Statements of congratulations on efficiency have already flowed to the people who handled that. I want to be part of the people who offer kudos to those people, because it was very effectively handled. I should say that funds were paid down in the Alberta Mortgage and Housing Corporation to the heritage fund; \$800 million in particular was paid back to the Heritage Savings Trust Fund as a result of the privatization of the mortgage portfolio.

Still further, Mr. Speaker, the so-called CHIP and MAP programs are being privatized to the extent that we're moving into the private sector; therefore, additional funds will be freed up. However, the requirement of \$87 million is still needed to assist in part the subsidiary of the company, called the mortgage portfolio company, which was set up under AMHC simply to balance the cash flow required over the period, and \$29 million of the \$87 million will be used to finance social housing programs.

Again I say, Mr. Speaker, that this has been an interesting year for AMHC: a sale of the mortgage portfolio in part, moving the mortgage portfolio further into the private sector and still maintaining the integrity of the program, providing some assistance certainly but focusing particularly on the social housing program and new administrative arrangements within the department, which have been reported upon.

Mr. Speaker, I again say in terms of the objectives of the Heritage Savings Trust Fund: a very unique opportunity for Albertans to use the oil royalties saved in the Heritage Savings Trust Fund for investment in Alberta, for diversification of our economy, to further the social and economic interests of this province, and to use the money so that the province benefits from the use of the asset via the heritage fund through the development and integration of social and economic objectives through Alberta Mortgage and Housing Corporation, the Alberta Opportunity Company, and the Ag Development Corporation and, finally, to maximize the economic benefit of the province.

Mr. Speaker, I think that's why it is a very important resolution and why, in terms of accountability, it's important for us to come back here to talk about the issues on top of the full debate that's already gone forward on the heritage fund appropriation Acts and to request the Legislative Assembly to once again approve money for these important objectives. I think all of us agree that agriculture, housing, and small business development are clearly and integrally part of our economic profile, our mosaic, and we need to encourage and develop that still further

at a time when in fact some financial sectors are withdrawing, other parts of the economy are suffering from recession, but here in Alberta we still have one of the finest economies of any province in Canada as a result of policies complemented in part by the work of the Heritage Savings Trust Fund.

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

MR. McEACHERN: Thank you, Mr. Speaker. We've come to that time of year again. This is as regular as the borrowing Bill, the \$2 billion extra borrowing Bill every year. We've been doing it every year for five years, so here we are borrowing money again. Well, no; we're transferring general revenue money to the heritage trust fund so they can invest in three Crown corporations which have been losing money for 10 years.

Mr. Speaker, I want to sort of deal with this in two parts. I want to talk about the fiscal arrangements of these three corporations with the heritage trust fund and the general revenue account and that nice little circle of how the money floats around. I tried to do it the other day in a few minutes and read it in *Hansard*. Most people that don't understand a lot about the heritage trust fund wouldn't have been able to follow it, so I'm going to have to do it a little more slowly and carefully today. I want to talk just a little bit about the Alberta Opportunity Company specifically, and a couple of my colleagues will deal with the other two corporations in some detail.

The problem with these three corporations. Now, I don't object to the social goals of the three corporations; let me make that clear. The Alberta Opportunity Company: we backed the idea that they should . . . They're a lender of last resort initially, and we said they were awfully slow and could be administered better, but we basically went along with it. The Agricultural Development Corporation we think has certain merit, again a little slow and a little difficult to . . . Both those programs would have been better administered under the Treasury Branches, I believe we said, but the government chose to involve banks and other institutions in the handling of the programs. The Alberta Mortgage and Housing Corporation, of course, is the biggest and the one that caused the most problems, and there are a lot of things to be said about it. But I want to deal more with them as a group initially and talk about how the cash flows keep these three corporations going.

Since they are social programs basically, it's our contention on this side of the House that the funds really should be just voted directly out of the general revenue account and put into the departments and done as expenditure programs. If there is some aspect of that expenditure program that brings some money back into some kind of revolving fund for that department, fine. But to do it through the heritage trust fund in such a way as to claim that the heritage trust fund has \$12 billion in financial assets of which \$3 billion are these three Crown corporations – it's sheer nonsense to call them income generating assets. In fact, although they generate some income, they essentially lose income overall because they are social programs. There's low-cost housing. It's help for farmers that we're talking about there. It's help for small businesses we're talking about here. They are not financial assets that are out there earning a competitive rate of return, yet the mechanism the Treasurer has set up makes it appear that they do, and I guess that's what I object to the most. In other words, he claims that the heritage trust fund assets of \$12 billion, the financial assets, earn about 1 and a quarter billion dollars for the general revenues of the province, and technically he is correct. But about \$400 million,

or a little more or less – a few years ago it was a little more; now it would be a little less because he's sold off some of the assets of Alberta Mortgage and Housing Corporation – somewhere in the neighbourhood of \$400 million of that 1 and a quarter billion comes out of these three Crown corporations.

Now, let me explain how the government has set up sort of three mechanisms by which they can keep these three companies afloat even though they've been losing money since 1981. The first technique, or one of the techniques anyway, is what we're doing today. We're passing Motion 19, as we've done every year, to take money from the heritage trust fund and invest it in these companies. So what you do is issue new debentures so the heritage trust fund puts more new money into these three companies; they then have enough money to pay out the old ones. What you do is revolve the debt forward five years and at whatever rate of interest you care to put on it. Since it's all our own money anyway, it really doesn't matter what interest we pay ourselves. What it amounts to is that the Treasurer can say, "Look, we made 1 and a quarter billion dollars out of the heritage trust fund" when in fact nearly a third of that – a little less than a third now, or about a quarter of it – has really come out of these corporations, which is our own money just being circulated around.

3:50

Furthermore, to make it look better, he has allowed these three companies to carry debts on their books. By the way, the total amount we're asking for here is \$305 million for these three Crown corporations. The amount varies from year to year depending on the particular corporation, but these numbers are not unusual, except perhaps the Alberta Mortgage and Housing one is a little lower than it used to be in general if you go back a few years, but then the Alberta Mortgage and Housing portfolio is also smaller now than it used to be because of the sale mentioned by the Treasurer.

Now, these three companies are allowed to carry debts on their books. In the public accounts for March 31, 1990, the debts of the three together amounted to just over \$700 million. Alberta Mortgage and Housing alone is carrying \$580 million on its books, ADC around a hundred million, and AOC \$42 million. Also, the provincial government, besides passing this motion to get the money out of the heritage trust fund, also takes money out of the general revenue account and puts it directly into the companies as an advance, a grant they get every year, and they don't get that all back either. It turns out that each year they give them a certain amount of money. In the 1989-90 fiscal year, the last year for which we have public accounts, Alberta Mortgage and Housing got \$253 million that way. They got \$273 million the year before that. ADC got \$94 million and AOC got \$11 million in grants that were just given to help fund these programs. Now, that money would have been better put straight into the department and spent as program funding and not claimed to be part of a financial institution that's supposedly earning money for this province.

That isn't the end of that, of course. These companies also have been writing off a lot of their bad investments over the last 10 years. AOC shows \$26.5 million in the public accounts for March 31, 1990, and ADC shows \$112 million. I couldn't find anything for Alberta Mortgage and Housing Corporation. I don't understand why, because in following Alberta Mortgage and Housing over the last five years, as I've done fairly closely, I know that some years they've written off as much as \$300 million. Now, I could find no accumulated total of how much they've written off. The figure for this year is so small, as if they

had only written off some \$20 million. I don't even remember the number because I didn't record it. Now, it may be that Alberta Mortgage and Housing has finally got itself straightened out and the write-off of debt this year may not have been very big, but they in fact have been the worst offender all through the years since 1981. What this government did, starting about '78 through '81, was to get involved in the real estate industry in this province in a major, major way. When we were elected in 1986, the Alberta Mortgage and Housing portfolio was 3 and a half billion dollars in piles of real estate all over this province that they had bought at inflated prices. They got themselves into an incredible mess with this company. This company has lost more money for this government, if we could ever get at all the details – and I did have a list at one stage, a year or two ago, of all the losses of these three Crown corporations, added up together on about a three-page sheet, since they were incorporated in different years over the last 15 or 20 years.

It's literally billions of dollars that this company has lost for the taxpayers of this province, most of it sort of hidden away in write-offs of doubtful accounts each year, debts carried on the books, new money injected in, grants given by the provincial government each year, and then these new debentures each year to cover up the losses of that corporation. The Alberta Mortgage and Housing situation has probably cost us more money than the Principal affair and the North West Trust affair and all the other financial institutions that have gone bankrupt put together, and believe me, that's a lot of money. And throw in NovAtel as well, if you want. So Alberta Mortgage and Housing has just been a horrendous mess. Finally, it now may be on the point of getting somewhat sorted out.

So that's the story behind these three Crown corporations. I for one don't see any reason in the world why we should continue this charade of saying that these three companies are financial assets of the heritage trust fund and earning us a reasonable rate of return when they're not. It's our own money just circulated around. If the government was going to be honest with the people of Alberta, it would quit this charade; it would put these three Crown corporations under the department's budgets where they belong and make them compete for the same dollars as everybody else on a budgetary basis and not try to claim that somehow these three Crown corporations are financial earning assets of the heritage trust fund.

I want to take a few minutes and talk a little bit about Alberta Opportunity Company, not at great length but with some points that should be made to the Minister of Economic Development and Trade, who's responsible for this organization. Alberta Opportunity Company, while it has suffered from the same kind of problems as AADC and Alberta Mortgage and Housing Corporation, nonetheless is on a much smaller scale and the numbers haven't been so alarming. We on this side of the House decided to back the idea that Alberta Opportunity Company should not only be a lender of last resort when that Bill was brought forward but also later when it was suggested they should be able to get into making direct investments into corporations – in other words, take equity investments in corporations – we also agreed with that idea. The reason we did so is that we thought small businesses in this province could be given a few thousand dollars, a few tens of thousands of dollars to help them get started. I still think that from the point of view of a venture capital fund that's not a bad idea. The problem we had was that the only institution doing venture capital in the province was Vencap, which was making loans that were too big, in our view anyway, to be a real venture capital company. What Vencap has tried to do is take medium-sized companies and turn

them into big companies. At least that appears to be what they're trying to do. I don't know if even the \$200 million they have is going to change a company of several million dollars into a multibillion dollar corporation. So I don't think they're working on a feasible project.

So what we felt Alberta Opportunity Company could do, and this is what the rules allowed – although they've been very slow getting into it and have not done a great deal of it – is allow the Alberta Opportunity Company to give tens of thousands of dollars, \$10,000, \$50,000, to a small company just getting started. Then if the company's idea is good enough, let private capital take it from there.

Unfortunately, on occasion the Alberta Opportunity Company has been drawn into some of the other games started I think quite frankly by the ministers on some of their ad hoc funding, and I'll pick Myrias as my example. It seems to me that what happened there was that the Minister of Economic Development and Trade put money into Myrias on an ad hoc basis and then started to say to himself, "Gosh, there's a limit to how much I want to put into that." Then he said, "Myrias, if you want some more money, you'll have to go over to Vencap." So they got some Vencap money. "If you want some more money, you'll have to go to the Alberta Opportunity Company." They got some there as well. I don't think Vencap should have got drawn into that. They put up over \$2 million, I believe it was, for Myrias corporation. It's too big an amount of money for the kind of thing we were talking about. We were talking about helping small businesses. By that I mean really small businesses just getting started. They also got some money from the export loan guarantee program.

So some of the programs the government runs are reasonably good programs. We did not object to the setting up even of Vencap when it was first set up, although we later became critics, and I now have called for it to give its money back because I don't think it's fulfilling a very useful mandate. The Alberta stock savings plan we tried to improve, but we went along with it. For a while we went along with SBECs, till we saw they weren't working. It took the government far too long to get out of it. So the Minister of Economic Development and Trade, because of all the recent criticisms about his ad hoc programs, has I think drawn the wrong conclusion. I do think that the program funding the government has – like Vencap, the export loan guarantee program, and so on – needs to be reviewed and reanalyzed and rethought as to whether they're doing their job or not. But we're not per se against the idea of having those kinds of programs. What we have objected to is the ad hoc programs the minister has been involved in so much lately, and some of the other ministers as well. I thought the minister the other day when I heard him on TV had drawn the wrong conclusion from all the kerfuffle that has been caused over the last month and a half because of the government's losses in a lot of these ad hoc fundings. He said, well, he guessed the lesson he had learned was that he shouldn't try to give money to small companies.

4:00

Now, I think that's not the right conclusion. I think what he should have learned from the flap in the last month or two is that you don't try to pick winners and pour money out of the minister's office into one specific company. That was the lesson that should have been learned: that the Vencap size of equity investments is not very productive and not very helpful in our society. If the government is going to put taxpayers' dollars, they've got to get the consent of the taxpayers, they've got to

make sure the industry understands and is tuned in to the idea that there's a need for government intervention; otherwise, there shouldn't be any government intervention. Then the program should be set up at arm's length and have a set of specific criteria and an administration semi-independent of the government. Where that has happened we have criticized those various programs on a point-by-point basis or gone along with the idea of what they're trying to do, but the ad hoc handing out of money from the minister's office in trying to save losing companies has failed, and failed miserably.

The heritage trust fund investments in these three Crown corporations are perhaps one of the best examples of showing how this government, anyway, doesn't know how to run an economy and doesn't know how to invest taxpayers' dollars in a reasonable way. If you're going to have an expenditure program, then our conclusion on this side of the House is: put it back under the departments, put it back under the general revenue account and call it an expenditure program, and quit trying to kid the whole world that somehow it's a money-making proposition.

MR. DEPUTY SPEAKER: The hon. Member for Westlock-Sturgeon.

MR. TAYLOR: Thank you, Mr. Speaker. I'm sorry I didn't move quite fast enough. The hon. Member for Edmonton-Kingsway usually gives a few barks and signals before he cuts out, but this time he retired in midstream, catching us by surprise.

MR. McEACHERN: I think he should look at *Hansard*; he'll see that I signed off very nicely.

MR. TAYLOR: Okay.

Mr. Speaker, I want to speak a few minutes on the question of transferring money to the Alberta Agricultural Development Corporation. I just wanted to reiterate – and I'm sure the Treasurer's heard it many times, but I would think that maybe these things could be read 100 years from now when somebody's writing history books, so it bears repeating – that I do not think there is any need for the Alberta Agricultural Development Corporation. There may be a need for some of the work it does, but it is a useless appendage, and like an appendix it should have been removed some time ago. It is something that you would expect with an NDP government or even some of the old-fashioned Liberal governments, but it's something you don't expect in a Conservative government: its whole bureaucracy out there galloping along, transferring taxpayers' funds to those that they deem need it, and those that they deem not to need it don't get it.

Surely the private enterprise sector of loan companies and mortgage companies and banks – there's so many of them in Alberta, and we've gone to great ends to try to say how welcome they are – could be used to do the farm loans. But no, we have this organization that's inserted out there like a sixth finger – and I won't say what it does to most farmers – being almost the exclusive method of getting money to the farmers. I don't see why we couldn't have done a process very similar to what we did with house mortgages years ago when the national government went into housing and then later on when provincial governments went into housing, of insuring mortgages through private institutions.

I just want to let the minister know that our policy in the party is still that we feel that the Agricultural Development

Corporation really has no valid reason here. I know that by making this I'm not going to get them attending my party picnic maybe next time around, but I think that within the limits of what ADC set out to do – they're not bad as individuals, but I do think that they have been asked to do an impossible chore, Mr. Speaker, which is to try to loan on an equitable basis from one end of this province to the other to the farmers on a deserving basis. By being the instrument of handing out cheaper government loans, they've in effect driven private enterprise out of the business. Consequently, they've created their own monopoly, and I don't care whether it's a monopoly run by this minister or a monopoly run by this party or a monopoly run by the Rothschilds or the Bank of Commerce. If it's a monopoly, it's not going to do proper service to the farmers, and this is what's happened to the ADC.

To add insult to injury, Mr. Speaker, they are now in charge of letting out disaster insurance. Now, if disaster insurance was as the word implied – you got insured for disaster – that's fine. But no; if you have a disaster and you walk into the ADC, the first thing they ask you is not "How bad was the disaster? How many acres of grain disappeared down the drain?" or "How many chickens died?" or whatever it was. They say, "Well, what have you got left in your bank account?" If you're fairly well-heeled, they say, "Well, it's not a disaster; you can pay for it yourself." That's a funny way. You know, you carry fire insurance on a house, you go in to collect it after it's burned down, and the insurance company tells you: "You've got quite a little fat on your bones yet; I don't think we have to pay for it. You can go build another house." So that's one of the answers they give.

I know my NDP friends would say: "Well, what's wrong with that? If he's a rich farmer, hell, he shouldn't get the money." But there's also another possibility, Mr. Speaker. There's another type of farmer who comes in, and they look at it and say, "Well, you lost all your crop and everything." A couple up in Peace River here, good Conservatives until this happened to them, they walked in and the ADC looked at them and said: "Sure, you've had a disaster, the same as your neighbour. We're not going to pay you any money."

"What's the matter? We don't have a fat bank account."

"Well, you're poor farmers. It looks as if we're putting good money after bad if we pay for your disaster. You'll probably throw it away next year; you'll probably screw up again."

So you have a government organization that has not only created a monopoly of loaning money, but like Mother Teresa they've got a monopoly in deciding who's going to get disaster assistance out there. And if that's not bad enough, they're making up their own rules, Mr. Speaker. Mind you, I'm sure that the Minister of Agriculture and a few others – but who's going to get it? If you're too rich, you shouldn't get disaster; if you're too poor and you haven't had a good record, you shouldn't get it either because it's throwing good money after bad. Now, what kind of an organization is this?

All I want to do is put on record that I don't know why a government that calls itself Conservative, let alone Progressive Conservative, which are rather conflicting terms, would ever allow an organization loose like this. I mean, it's worse than any of the autocratic church organizations a couple of thousand years ago I've read about that decided whether or not you should get aid by how often you were in church. Here we've got one deciding how often you get aid not because of the disaster but because of whether or not they think you are a good farmer, and on the other side, when they think that you're a good farmer: "Why, no. You can finance it yourself, and save the taxpayer paying disaster insurance." This is the type of organization we

have operating now, and this is the type of organization that this minister is asking \$179 million for. I'm sorry, Mr. Speaker; I can't support it.

Thank you.

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

MR. HAWKESWORTH: Thank you, Mr. Speaker. I'd like to address a few comments this afternoon to the resolution on the floor. I guess in terms of legislative review of the operations of the Heritage Savings Trust Fund, getting the opportunity to debate these kinds of investments in this form is a bit unusual. I take it that it's not something that has always been the case historically in the Legislature, so certainly at least giving us a resolution to debate is better than not having the opportunity at all to determine some of the overall investment strategies for the Alberta Heritage Savings Trust Fund.

Unfortunately, the resolution sort of comes to us in a vacuum without any indication of where the government wants to be taking these Crown corporations and what their long-term strategy seems to be. We've gotten an indication from the Provincial Treasurer that they intend to wind up the operations of AMHC, and I'd like to get to that in just a few minutes.

4:10

I basically have two areas that I want to speak about this afternoon, Mr. Speaker. The first one has to do with the senior citizens' self-contained program, and the second one is, as I've already indicated, the overall direction that the government intends for the Alberta Mortgage and Housing Corporation in the disposal of its assets.

To the first point, Mr. Speaker, the senior citizens' self-contained program. In his Budget Address the Provincial Treasurer gave us very cursory information about the Alberta Mortgage and Housing Corporation. In that Budget Address he indicated that \$7.1 million will be used to construct 89 senior citizens' self-contained units and that there were plans to transfer 42 corporation-owned units to that self-contained program.

Well, Mr. Speaker, with only 89 units for our aging population in Alberta, 89 units for the entire province, it means that it's a very modest program indeed, an extremely modest program. In fact, I would say it's nowhere near approaching meeting the need for self-contained units across the province. In fact, if you were to just divide 89 units, that's only slightly over one unit for every constituency represented in the Alberta Legislature. That will give you some idea of the magnitude of what's being planned here by the Alberta government for this year, and I just think it's an abandonment of our senior population.

Just to give you an example that I'm familiar with in the constituency that I represent, Calgary-Mountain View, just one project as an example, the St. Vladimir's Ukrainian Orthodox congregation has been waiting in the wings since 1984, Mr. Speaker, to get approval from Alberta Mortgage and Housing Corporation to participate in the seniors' self-contained program. Now, with only 89 units across the entire province, one unit per MLA or one unit per constituency, it means that sponsoring organizations such as St. Vladimir's are unlikely to be given approval to build the projects that they have been waiting for for a long time. I'm sure that every member of the Assembly has other sponsoring organizations in their constituencies in a similar situation. We have lots of needs that are self-evident. For example, many of these sponsoring organizations have existing

facilities that they already offer that would be a real enhancement to the amenities of a self-contained project.

So I just say to the Provincial Treasurer this afternoon and to the minister responsible for housing: somewhere they should be giving us an overall strategy, an overall plan of what they intend for the seniors' programs across the province. What are the unmet needs out there? How many of those sponsoring organizations are there that are already lined up and ready to go to meet those needs, and how many of them have to be put on hold because of the choice this government has made to put housing at the bottom of their priority list when it comes to new housing development for our seniors? After all, Alberta has an aging population, as do many other provinces across the country, and to provide only 89 units of new construction is a poor response to that trend, Mr. Speaker.

Now I'd like to ask the Provincial Treasurer at some point to be more forthcoming as to what is happening with Alberta Mortgage and Housing Corporation. Indeed, what is this \$87 million really required for? The \$29 million for social housing is self-evident, and some of it will go for the seniors' self-contained program I've just touched upon, but that leaves us \$58 million, Mr. Speaker, that has not been properly or fully explained to the Assembly.

If we were to look at what this government's performance has been in the past, we would just go to last year's experience and look at the changes that have occurred between the estimates that the provincial government tabled and their actual results. Mr. Speaker, last year they made the commitment as a government to dispose of their mortgage portfolio. As the Provincial Treasurer pointed out in his opening remarks this afternoon, \$800 million of mortgage assets were sold last year, yet when we look at the financial statements for the province for Alberta Mortgage and Housing Corporation, we find that they had a loss of \$209 million. That consisted of \$150 million that was budgeted, and it also includes a special warrant that the cabinet had to issue late last fiscal year in order to finance the losses on the disposal of those assets.

Now, the way the system works, Mr. Speaker, as I understand it, is this. The Heritage Savings Trust Fund loans money to the Alberta Mortgage and Housing Corporation. In turn, they lent those out in various forms to finance mortgages, to finance the construction of apartments, multi-unit buildings; they lent it out for the purchase of land to provide development land for municipalities. There was a whole portfolio of housing activity that Alberta Mortgage and Housing Corporation engaged in, but as we all know, many of those projects got very quickly into financial difficulty. The losses on those loans — people couldn't make their payments, so Alberta Mortgage and Housing Corporation as a lender to those entities has not had the money coming in to keep those loans current, to keep the mortgages current, and has started to carry large losses on their books dating back to the early 1980s. In fact, my understanding is that this government made offers to builders across the province, starting in about 1982 and 1983, for some of the problems that were being experienced at that time, and I know that municipalities in this province at that time were coming to AMHC for assistance.

What AMHC did at that time was allow for various options that borrowers could choose, including the deferral of payments, taking whatever cash flow they received and turning that over to AMHC, and capitalizing the other losses to the point that what was happening with Alberta Mortgage and Housing Corporation was that the loans weren't being kept current; they were simply being booked as losses and allowed to accumulate. The interest

and the losses were being capitalized, so that they just continued to grow and grow and grow.

There weren't any actions really triggered by all of this, Mr. Speaker, until the point came that the government decided to dispose of the assets. At that point, when the assets are disposed, Alberta Mortgage and Housing Corporation has to pay back to the Heritage Savings Trust Fund the outstanding debentures that they borrowed from the Heritage Savings Trust Fund, and they have to be paid in full, so that if Alberta Mortgage and Housing Corporation disposes of its assets at less than its costs, that loss has to be covered. The loss is not incurred or carried by the Heritage Savings Trust Fund; that loss has to be covered by the General Revenue Fund, and this is what has happened.

4:20

As the Provincial Treasurer pointed out in his opening comments, something like \$800 million of mortgage assets have been disposed to the private sector, and what we see as a result of that disposal is a loss of \$209 million. That's the figure that is identified by the Provincial Treasurer in his Budget Address for the year ended March 31, 1991. So on \$800 million of disposals there's been a loss of \$209 million, which is slightly over 25 percent. Now, this is not the worst of the problem, Mr. Speaker. In fact, a major problem still remains to be dealt with, and that has to do with the multi-unit rentals program that the Provincial Treasurer and the minister of housing are currently coming to grips with.

So, Mr. Speaker, a question then comes into focus here, and that is: if they've lost \$209 million on the disposal of \$800 million of mortgage assets, what's going to happen when they dispose of the \$2 billion that's still outstanding of debentures owed to the Heritage Savings Trust Fund? Because once those are disposed of, the General Revenue Fund is going to have to cover the losses in order to ensure that the debentures are paid in full to the Heritage Savings Trust Fund. One of the questions that wasn't addressed by the Provincial Treasurer is: how are those losses going to be accommodated? In the most recent annual report for Alberta Mortgage and Housing Corporation, provisions for losses of \$313 million have been acknowledged. They've also acknowledged that there's \$490 in nonaccruing loans. Now, they just carry that on the books until the time comes when the assets are disposed, at which point the debentures have to be repaid to the trust fund and the losses have to be covered somehow.

When they're sold to the private sector, Mr. Speaker, there's no question about the process, and they end up showing on the books here of the General Revenue Fund. But what happens when these assets are transferred to another Crown-controlled corporation such as Mortgage Properties Inc.? That's a company that's controlled by the Provincial Treasurer. How are these losses going to be accounted for? Are they going to be accounted for by the General Revenue Fund? Are they going to show up on the books of Mortgage Properties Inc.? At what point does the loss get recorded against the General Revenue Fund? So if we see that AMHC is disposing of the bulk of its assets, that means that much of that \$2 billion in debentures outstanding to the Heritage Savings Trust Fund is going to result in a significant loss somewhere. How is it going to be accounted for? None of that has been provided in terms of information to the Legislature.

So when we turn to the Provincial Treasurer's Budget Address and we see that he's asking for \$58 million of new borrowings from the trust fund, the question has to be asked: what do you

need this for? If you're getting rid of Alberta Mortgage and Housing Corporation, if you're disposing of all of your assets that do not fall into the category of social housing, what do you need \$58 million in new borrowings for? Well, Mr. Speaker, the only conclusion I can reach is that the Provincial Treasurer has decided that rather than write off \$58 million, which would then have to come out of the General Revenue Fund, he's decided to cover those losses by increased borrowing from the trust fund. After all, if he had to write off these \$58 million in assets and charge it against the General Revenue Fund, what would that do to his so-called balanced budget? His balanced budget, the so-called pretend surplus of \$33 million, in fact would disappear in the twinkling of an eye, in the movement of an eraser across a piece of paper. The \$33 million would disappear if he had to write off this \$58 million against the General Revenue Fund.

What I suggest the Provincial Treasurer is actually doing here, Mr. Speaker, is deciding that he's going to borrow more money to cover the losses experienced by AMHC in the disposition of its assets rather than writing them off against the General Revenue Fund. Now, if the Provincial Treasurer can give us another explanation, which he didn't do at the beginning of his comments this afternoon, that would clear that particular question up. He made it more confusing in his opening comments, and if he has the opportunity to close debate to clarify that situation, then I would welcome his comments, but as he indicated this \$58 million is going to be used by Mortgage Properties Inc., I would suggest it's simply to borrow more money to cover losses to postpone, I guess, the accounting that he's going to have to give. As I read the scanty information provided to us, the conclusion that I'm almost forced to reach is that that's really what's being done here, rather than acknowledging the losses and writing it off against the General Revenue Fund, which would have the effect of making his so-called balanced budget disappear.

So as I see it, it's just another one of his quiver of accounting tricks to make the books look balanced on the surface, Mr. Speaker. But as I read it, getting deeper underneath those figures, one can only conclude that what's going on here is borrowing more money to cover losses at AMHC; it's certainly not for new spending or new investments.

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

MR. CHUMIR: Thank you, Mr. Speaker. Over the years there have been many questions raised, indeed some today by previous speakers, with respect to the policies of the Alberta Agricultural Development Corporation, the Alberta Opportunity Company, and the Alberta Mortgage and Housing Corporation, with particular emphasis on the Alberta Mortgage and Housing Corporation. Overall, I think that members of this House have felt that notwithstanding the criticisms – concerns with respect to particular programs, special concerns with respect to Alberta Mortgage and Housing Corporation – a great deal of valuable work and programming was accomplished through these Crown corporations. However, there has been an ongoing and a lingering question as to why these corporations should be funded through borrowings from the Alberta Heritage Savings Trust Fund.

4:30

Now, I note the resolution that we're dealing with, Mr. Speaker. The motion refers to this Assembly authorizing the

making of "investments." Now, whatever these expenditures may be, they are not investments within the terms and requirements of the Alberta Heritage Savings Trust Fund. As we look at this resolution, we note that the reference is to "the making of investments under section 6(1)(c)" of the Alberta Heritage Savings Trust Fund. That particular section provides that to qualify under that provision, investments have to "yield a reasonable return or profit to the Trust Fund."

The reality is that these so-called investments are not really investments at all in that sense of providing a return. They may have other merits and provide other benefits to our community, but by the criterion set out in section 6(1)(c), they are indeed nothing other than a financial disaster. Indeed, every year these three Crown corporations proceed to lose a fortune. They're deeply in deficit. The total deficit now is in the range of \$700 million in total cumulatively for the three entities. This, I might suggest with full confidence, obviously doesn't take into account the full amount of the losses which these corporations have incurred, because clearly, like the rest of the government reporting policy, these entities are undoubtedly delaying and deferring the reporting of losses wherever possible. Indeed, we've seen some concern by the Auditor General in respect of the government's policy of delaying losses on loan guarantees, and it's a virtual certainty that additional losses other than those reported have been delayed with respect to these corporations.

Rather than a reasonable return being provided with respect to these investments, Mr. Speaker, what we have is the equivalent of a financial turkey. Now, this has been pointed out by independent economists at the University of Alberta who wrote a paper last year. It's the well-known Mumey and Osterman paper that we've referred to in this House a number of times. Brilliant academics, brilliant minds, tremendous insight, tremendous independence, and we see from their reports that the only way these entities can fund the interest payments to the heritage fund is to obtain grants from the General Revenue Fund, which are injected into these companies and in turn paid over to the heritage trust fund so that the trust fund can then return the income to the General Revenue Fund. By this circular process one-third of the amount paid to the heritage trust fund by these entities is a subsidy from the heritage trust fund. Indeed, these gentlemen also point out that, in their opinion, in the range of \$600 million to \$700 million of accumulated deficit should be written off against the income of the Heritage Savings Trust Fund. Where all this is leading to is the conclusion that these expenditures should not be expenditures of the heritage trust fund. Rather, they should be funded through the General Revenue Fund or through external borrowings guaranteed by the province of Alberta.

In terms of a minor element, and minor only in relation to the amount of money involved, it's worth noting that the heritage fund is being used as a means of shuffling an amount of General Revenue Fund expenditure into the heritage fund. Amounts which would have been, in previous years, expenditures of the General Revenue Fund as grants to the Alberta Opportunity Company and to the Alberta Agricultural Development Corporation are now being funded through loans from the Heritage Savings Trust Fund. In that regard, I note table D2 on page 63 of the budget document, which points out that grants from the General Revenue Fund have gone down from \$79,654,000 in 1990-91 to \$73 million for this fiscal year, even though the expenditures, the actual expenses of that corporation, have remained steady. In the meantime, debenture borrowing from the heritage trust fund has ballooned phenomenally, and it is that \$6 million difference that's clearly going to be covered by

that borrowing from the heritage trust fund, thereby reducing the budget deficit by \$6 million.

Similarly, on page 65 of the budget document, table D3 shows how grants from the General Revenue Fund have been reduced from approximately 26 and a half million dollars last year to \$16.3 million this year, a reduction of \$10 million at the same time as borrowings from the heritage trust fund have been increased by \$11 million, from \$28 million to \$39 million. The operating losses of the Alberta Opportunity Company have thereby been funded out of the heritage trust fund, and the budget deficit has been reduced by \$10 million as a result. Now, the Provincial Treasurer, when this matter was raised earlier, said that he doesn't understand what we're talking about, and I don't know whether to be more concerned if he does know or if he doesn't.

Finally, Mr. Speaker, it's not my intention to comment substantively on the programs of these three entities; we've had other opportunities to do so. But I did want to take this occasion simply to express a concern I've had that the Alberta Mortgage and Housing Corporation is not doing the job that is needed in our community with respect to meeting the needs of low-income Albertans with respect to housing. We have a serious problem developing in this province, and it's going to become increasingly serious down the line unless we have total economic collapse, which the policies of this government are certainly militating towards. We are going to need far more units in terms of low-income housing. The minister's policy, insofar as I can determine, is to see to what extent we can get federal government funding. To the extent that we can get them to pay a 70 percent share, then we'll develop units, but short of that we're not going to go any further.

Now, I think there is some merit in obtaining federal government funding. This government has certainly been remiss and left hundreds of millions of dollars of federal funding on the table at the same time as we're complaining about how we're sending money out of this province to central Canada. Even though that is a laudable change in direction, recognition that we have to use our brains and take advantage of these programs, it is not acceptable to say that we're only going to program in the event that we can come within the umbrella of a federal program. That's what seems to be happening. You look at the program, you look at the miserly, miserably small number of units that are being funded, you project the needs of our low-income people in this province, and we can see a very serious problem in the making that will have to be addressed sooner or later, and we should be doing it now.

4:40

MR. DEPUTY SPEAKER: The hon. Member for Vegreville.

MR. FOX: Thank you, Mr. Speaker. I wanted to address a few comments to Motion 19, specifically with respect to the request for \$179 million of provincial government money for the Alberta Agricultural Development Corporation. I support this request, as strange as it may seem that I would stand and support anything that the Provincial Treasurer proposes. But I think by and large there have been some administrative responses and refinements within the ADC, that there has been some recognition of changing circumstances in the agricultural community, and that the ADC is in a general way doing a pretty good job of trying to devise programs of benefit for beginning farmers especially and people trying to get into agriculture and those who are attempting to make a legitimate go of it out on the farm. So I offer those introductory comments.

I think there are still some concerns that we have with the ADC, and I would hope that the Provincial Treasurer, in advancing this money to the minister responsible for the ADC, would maybe exert some of his influence. The ADC has developed a reputation in the farm community for being relatively inflexible when it comes to trying to renegotiate terms and conditions of loans, especially in cases where people are up against it and have gone through the Farm Debt Review Board process and need restructuring, advanced plans that they believe will satisfy the needs of the lender to have some performance on the outstanding liability and the needs of the farm family to stay in business and try and succeed in the long term. I would hope that he'd carry forward that request for a little more flexibility.

It's something, strangely enough, that the banks have often developed, a sort of flexible response. They recognize that it's not in their best interest to have a large number of their clients fail. As a result, a large number of properties come into their possession and their portfolio. It's better for them to have those clients out there working hard, making money, and paying them back, because when they do sell in a depressed economy, they get 50 cents on the dollar sort of thing for the money they lent. So there's a debt write-down process there that the banks will often involve themselves in. The ADC often ends up having to do that debt write-down process, but they pass on the benefits to an expanding farmer who's able to buy that land rather than the struggling farm family trying to make a go.

I would hope that the Provincial Treasurer has taken a look at some of the many positive suggestions that the New Democrats have made in the Legislature with respect to the ADC, and I'm talking about the fiscal side of the ADC. We believe that the administration of the farm credit stability program, currently handled through the banks in Alberta at a cost of perhaps \$50 million a year for a 2 and a half billion dollar portfolio, could be handled for considerably less through the Agricultural Development Corporation. They have the structure in place; they have the expertise; they're provincewide. And we note that their administration costs, I believe, for their portfolio are somewhere in the neighbourhood of \$10 million for the entire ADC portfolio, which indicates to me a more disciplined level of management, a more responsible fiscal regime in the administration of the ADC than we see with the sweetheart deal the government has given the banks with respect to the farm credit stability program. So I'm asking the Provincial Treasurer to take a look at the administration of the farm credit stability program, having been up and running for five years now, and tell us if in his . . .

MR. ORMAN: Do you notice there's no Liberals in the House?

MR. FOX: Do you want to vote on something, hon. member?

MR. KOWALSKI: Comment how many Liberals there are.

MR. FOX: Well, there aren't any Liberals. How can I comment on that? That's not parliamentary procedure. I didn't notice that there weren't any Liberals because that's often the case.

Anyway, I would ask the Provincial Treasurer if he will undertake to review the administration of the farm credit stability program to see how we can save for Albertans some of the \$50 million that is currently given to the banks to handle that loan program and to see if he agrees with me and the New Democrat Official Opposition that money could be saved by

handling that portfolio through the Agricultural Development Corporation.

The greatest effort in developing a loan portfolio is in the initial phases. The farm credit stability loans have been advanced. Most of the clients are performing. The banks have, you know, a sliding scale guarantee in there, so their risk is basically diminished substantially now that we're five years into the program. So I think it's time to end the sweetheart with the banks. The ADC may need another \$10 million here over the \$179 million that they're being given to handle the extra burden of administration of that portfolio, but I make that request to the Provincial Treasurer and hope that he'll look into it and report back.

MR. DEPUTY SPEAKER: The hon. the Provincial Treasurer to close debate.

MR. JOHNSTON: Mr. Speaker, let me say that I've heard some interesting suggestions. A couple I may deal with very quickly in the few minutes that are here.

Number one, with respect to the comments by the Member for Westlock-Sturgeon, who talked about the need to review the operations of the Ag Development Corporation and, in fact, suggested that ADC may well be an obsolete organ of the government, he may well have a good recommendation. From time to time I've made the same comments myself.

In the context of how we administer the farm credit stability program, which was also mentioned by the Member for Vegreville, I have had an opportunity to review the way in which we do fund that and the way in which the costs are reflected back on the government's operations. We did a review of that about a year ago and found that at that time the banks were fairly aggressive in their position and wanted a fair amount for the way in which the program was currently operated. We thought about restructuring the administration of that program and taking out the funding, but the banks finally came to the realization that it was a pretty good deal for them and dropped the rates down so that we were essentially indifferent, indifferent as to forming a new bureaucracy to take over the operations that they were providing and balancing it against the privatization, I suppose, of services, which was part of this government's program. So I think that we have had a look at it, and I think we can say at this point, at least through the course of the next few months, that we have an optimum position with respect to the administration and operation of the farm credit stability program, better than taking it back onto the government's records and administrative bureaucracy.

As to the future of the Ag Development Corporation, I'll wait and see. At this point, because we wanted to deliver interest free loans to the farmers as a result of certain disasters which imperiled part of the farming sector across Alberta, we found that the credit-granting facilities of the Ag Development Corporation assisted us and enhanced the way in which we could respond rapidly to delivering these interest free loans to these parts of the province. Its future must be examined, as in fact we were examining the future of the Alberta Mortgage and Housing Corporation. My colleague the Minister of Municipal Affairs over the course of the year has made some interesting adjustments and announcements in that entity which have brought it closer to its own reality, making it more of a delivery of social housing programs than in fact a financial institution.

[Mr. Jonson in the Chair]

It's on that point that I wanted to make a couple of comments to deal with the views expressed by the Member for Calgary-Mountain View, who said that over the course of the year we had lost something like \$200 million in the disposition of our mortgage portfolio. Well, let me say that with respect to the disposition of the single-family portfolio, I draw the member's attention to the press release by Ray Speaker, Minister of Municipal Affairs, on August 13, 1990, where he details very carefully and fully the disposition of that mortgage portfolio. As I understand it and as has in fact been confirmed by this press release – and it was essentially what my memory was telling me – we'd lost about \$13 million in the disposition of the \$607 million worth of mortgages which had a book value of \$620 million.

But remember that last year, for example, the mortgage corporation prepaid \$800 million worth of debentures to the Heritage Savings Trust Fund. That money went back into the Heritage Savings Trust Fund, and instead of us having it out there at low interest rates, we have it invested in the heritage fund, and our calculations show that we can recoup in the heritage fund the \$13 million loss in about 12 months. So it was essentially a [inaudible] transaction, and I have to give credit both to the private sector who participated, in particular the Bank of Montreal and others who have the capability of administering the programs and saw an opportunity to invest in Alberta's future. They have the mortgages and we have the money, and the losses were essentially zero.

4:50

Now, through the forecast year '91-92 we expect further, Mr. Speaker, that the AMHC will pay back, will prepay to the Heritage Savings Trust Fund another \$257 million in debentures as a result of the dispositions of other assets of AMHC, in particular the CHIP and MAP, which assets are now held in the MPI, Mortgage Properties Inc., which is a subsidiary of Alberta Mortgage and Housing Corporation. On top of it, this entity in '90-91 paid back \$86 million of debentures on a normal course basis and in '91-92 will pay back \$75 million on a normal course basis. The total of all that prepayment of mortgage debentures to the heritage fund comes to \$1.2 billion. The losses essentially are becoming reduced to the investment in social housing programs. As I've said before, social housing programs more properly should be in the General Revenue Fund, as should any kind of an expenditure of this order.

So that's what's happened over time. There was not \$200 million in losses this year with respect to the disposition of the mortgage portfolio. Last year we had a disposition of the single-family mortgage portfolio, which generated only a \$13 million loss. I wanted to correct the record there.

Now, the MPI is essentially a disposition vehicle similar to other vehicles which we have to manage our real estate and to get it into the market: to sell it, to privatize it, to put it back in the private sector where it belongs. That process is now under way. It's going to be a little tougher. We're going to have to make some calls on guarantees. We're going to have to negotiate our position, and some of the evidence already is in place where we have in fact moved against certain companies that were financed by CHIP or MAP loans. I think that we have to give a great deal of credit to the Alberta Mortgage and Housing Corporation, Municipal Affairs, and the minister himself, who have handled this, I think, very effectively.

Now, with respect to the circular flow of money, which of course is not a new issue – the Member for Calgary-Buffalo raises this all the time. He raises also the question about the management of the heritage fund. I like to listen to economists, not just the ones that the member talked about but generally economists who like to look at this entity. They always come up with the very amazing and stunning observation that if we hadn't transferred the money out of the heritage fund, there would have been more money there. Well, I don't need a PhD in economics to figure that one out, Mr. Speaker. I'll tell you, for one thing, we made a clear and conscious decision that we weren't going to leave the money in the heritage fund. If you'd left the money in the heritage fund, you would have had a deficit in the General Revenue Fund. So it was a [inaudible] transaction. It doesn't take a whole lot of introspection, analytical work, or some sort of clairvoyant understanding of economics to know that if you haven't got the money in the fund, it isn't going to be there.

So on that basis I think our policy with respect to the fund has been as well managed as any fund in the country, and it still performs its valuable services. As I've said before, the assets are shown at cost, and there's a larger profit in that fund above the \$12 billion level than in fact has been accounted for, and we'll show you how that's going to work when we start to privatize some of those assets. Already, as I've said here in the context of AMHC, there has been a tremendous repayment of the debentures in AMHC, to a total of over \$1.2 billion as a result. Moreover, we have converted Telus/AGT debentures into cash, into marketable, measurable assets, and those we put back in the private sector as well.

The circular flow, of course, is there. There's no question about it. But let me say again that if we didn't pay the interest to the heritage fund – that is, to the people of Alberta – to finance some of these important ventures, you'd have to pay it to Zurich, New York, London, and elsewhere. In my mind, if you have to pay the interest anyway, you may as well pay it somewhere where you get an advantage. That has been the clear argument, one which the people of Alberta support.

Mr. Speaker, I move this resolution.

[Motion carried]

head: **Government Bills and Orders**
head: **Committee of the Whole**

[Mr. Jonson in the Chair]

MR. DEPUTY CHAIRMAN: Would the committee please come to order.

Bill 45 Financial Administration Amendment Act, 1991

MR. DEPUTY CHAIRMAN: The committee was considering an amendment put forward by the Member for Calgary-Mountain View. Is there further debate on the amendment?

The Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. Let me remind members of the Assembly that the amendment in front of us has to do with introducing a sunset clause to the legislation on the floor.

The Provincial Treasurer has asked the Assembly to raise the debt ceiling of the province by \$2 billion, and in his arguments

in support of that request he said that this is only to solve a short-term cash flow problem. He used the analogy that in his household his expenses go up at Christmastime and he needs to dip into his line of credit a little deeper, and then it gets paid off in January. Well, if that's the case, if that's really the reason, the sole reason and the only reason that the Provincial Treasurer has for seeking this authorization, then presumably at some point the cash flow problem will have been addressed, the problem will be over with, and we can go back to the existing debt ceiling for the province. After all, if he really believes his balanced budget rhetoric, then obviously we don't need to go deeper in debt. We can use his projected \$33 million surplus, in fact, to write down the debt of the province by \$33 million.

Mr. Chairman, I opened up the public accounts – these are the schedules that are available to members of the Assembly, the most recent and up-to-date information available to the Assembly – to have a look at what the schedule of repayments actually is for the province of Alberta. We found out that as of yesterday, last night, June 18, 1991, the Provincial Treasurer had a debt of \$700 million outstanding which presumably had to be refinanced. Now, there was also one on June 15 of \$25 million, there's one scheduled for October 15, 1991, of \$50 million, and another one is a promissory note that is scheduled to come due on December 9, 1991, for \$341 million. As well, there are various promissory notes that have various dates of maturity. The scheduled dates aren't outlined here for us in the book, just a total of a billion dollars that comes due at various times throughout the year. So as far as I could tell from the financial information available to us, the spike, the biggest cash flow problem occurred last night at midnight when the Provincial Treasurer needed \$700 million. Now, that's nowhere near close to the \$2 billion being requested of the Assembly in Bill 45.

So I don't think the Provincial Treasurer could really object very strenuously to an amendment to the Bill that this authorization have a time-limited effect so that it gives him until December 31 to get the financial house in order in terms of this rescheduling of debt. Then on January 1, New Year's Day, once his problems are solved and he's toasting the new year, all Albertans can toast the new year knowing that we're not \$2 billion deeper in debt and we go back to the ceiling that we have currently.

5:00

Now, Mr. Chairman, I just also note that in the schedule provided to the Assembly, debt repayment requirements for the fiscal year 1990-91 total \$2.4 billion, and then for this fiscal year that we're currently in, 1991-92, that amount drops considerably, down to \$1.2 billion. Debt repayment requirements for this fiscal year total \$1.2 billion. This is under the general revenue account. So I ask myself: if the Provincial Treasurer was able to manage last year with debt repayments of \$2.4 billion and the debt repayment requirements according to this schedule have dropped considerably, down to \$1.2 billion, surely he can manage with the \$2 billion authorization that would expire at the end of the calendar year. I'm sure he can. If everything that he says to this Assembly is the full, unadulterated truth, the whole truth, and nothing but the truth – the sole purpose for this authorization is to pay for the refinancing of currently outstanding debt – then surely there's no indication that there will be a problem after December 9. Once that month has slipped by, he doesn't need that authorization.

Now, just as a further check, I know the schedule in the book here has to do with the General Revenue Fund, Mr. Chairman, so just to make sure I wasn't missing anything, I turned to the

consolidated financial statements for the province. Now, the schedules there are not nearly as exhaustive as they are for the General Revenue Fund, but there is a consolidation provided to those who choose to look for it. When I said that the General Revenue Fund had debt repayment requirements of \$1.2 billion for this fiscal year, the consolidated financial statements indicate that the overall requirement for the province is \$1.85 billion. So there's not a lot that's outside the General Revenue Fund. It's something like, oh, perhaps \$600 million. So again, even if we look at the consolidated statements, they still don't create a bigger problem than the \$2 billion solution proposed by the minister. The consolidated statements don't indicate any major problem, any major difference from what's outlined in the schedule to the General Revenue Fund. I'm simply saying this: the Provincial Treasurer may have a problem, and he's come to us for a solution. Let's put a time limit on it, and that's really what the amendment does.

In all of this, Mr. Chairman, I would point out one other situation in the Financial Administration Act. In fact, I believe it's the clause that simply follows the section being amended. The Provincial Treasurer has a temporary authorization of \$500 million; he can exceed the ceiling on a temporary basis by \$500 million. That authorization is already in place, so even if this sunset clause were adopted by the Assembly, the Provincial Treasurer has already under law in the existing Bill a cushion of \$500 million to help him solve any cash flow problem he might experience.

All I can say, Mr. Chairman, is this: if the Provincial Treasurer has been forthright in giving us the full and total reasons why he needs this extra authorization – and that is to deal with the cash flow problem – certainly he would have no difficulty and the government would have no difficulty dealing with this particular amendment and approving it. If, however, there are some other reasons that he's not expressing to the Assembly, that he's holding back on, that he's not being fully up front with us about, then perhaps he has some secret or hidden agenda why he needs this authorization to increase the debt ceiling by \$2 billion. If so, the government's vote on the amendment put forward will reveal that there's something more to this request than simply to handle a temporary cash flow problem.

Mr. Chairman, I welcome the comments from the government, and I welcome a vote on this particular amendment. That, I think, should tell us exactly what the reason for this \$2 billion increase in the debt ceiling is for. I suspect, as I have all along, that it's a permanent request to deal with a permanent increase in debt, because the Provincial Treasurer is going to run a significant deficit in this year's budget. However, if he's prepared to stand by his projections, if he's prepared to stand by the word that he's given to the Assembly and the people of Alberta, no doubt he'll want all hon. members to endorse the amendment that I've put forward this afternoon.

MR. DEPUTY CHAIRMAN: The Member for Edmonton-Whitemud.

MR. WICKMAN: Mr. Chairman, thank you. Just briefly a few points I want to make. One of the interesting experiences that I see in provincial government as opposed to, let's say, municipal government is the disregard that seems to be there when it comes to racking up deficits and allowing those deficits to continue and, of course, to work the budget out in such a way that it appears that it is going to be balanced; at the same time, knowing that taking certain factors into consideration, we're going to see that deficit increase. I think we have a situation

here that's very clear cut despite what the Provincial Treasurer may state about the need to have an upper deficit level to accommodate additional borrowings and such. It also provides that cushion for the increased deficit when the budget won't balance at the end of the year. I believe it becomes very, very clear as we enter this year. Now, we're into the third month and the world price of oil is nowhere near what was originally projected. When we look at some of the other manoeuvres in that budget, it becomes very, very clear that the minister in fact does need that type of manoeuvring. The difficulty is that it's come forward on the basis that it's to cover something other than the reality of the budget, and that is that there is going to be some real difficulty in balancing it.

Now, of course, by legislation passed by this House, enacted by this House, municipalities don't have that flexibility with a deficit budget. It keeps them very, very honest. It keeps them very, very honest in the sense that they're much more accountable. In fact, if they want to expand programs, if they want to extend services, they either do it by increasing taxes directly in that particular year or increasing user fees, whatever the case may be, not simply passing that on to our children and our grandchildren. That's what's happening at the present time. It's very, very unfortunate, because we see it . . .

5:10

MR. DEPUTY CHAIRMAN: Order in the committee, please. Order.

MR. WICKMAN: We see it becoming a very, very common practice when we look at the federal level of government, when we look at provincial levels of government. Deficit financing becomes more and more a reality. I can support the amendment that has been brought forward by the Member for Calgary-Mountain View because that amendment attempts to ensure that the cushion is not simply there to allow for an increased deficit, and it in fact keeps the books just a bit more honest and ensures that the Provincial Treasurer is not using it to estimate or project that the deficit is there and to accept the fact that a few months down the road we're going to receive a public accounts book or a public accounts statement that shows that the deficit is \$750 million or \$1.2 billion or whatever the case may be at that particular time.

On that note, Mr. Chairman, I'll conclude and wait for the minister's response.

MR. DEPUTY CHAIRMAN: Did the Member for Edmonton-Mill Woods wish to speak?

MR. GIBEAULT: Mr. Chairman, thank you. I would like to encourage members of the House to support my colleague's amendment, the Member for Calgary-Mountain View, because we have not got the case made by the Treasurer for this increase in the debt ceiling of the province. Now, if the Treasurer would have stood up in this Assembly, like the treasurer of the province of Ontario did, and said we need this extra money to maintain public services in the province, that we are going to borrow more money to maintain the integrity of the health care system, that we are going to need to increase the debt to support and protect the integrity of the education system and the advanced education system . . .

MR. DEPUTY CHAIRMAN: Pardon me, hon. member. Order, just for a moment.

Could we have order in the committee, please?

Please proceed.

MR. GIBEAULT: Thank you. As I was saying, if the Treasurer had made the case that he needs this extra financing to ensure the integrity of the health care system or the advanced education system in the province, then I would be open to that, but we have got no explanation for it, and as a member of this House and on behalf of my constituents, I am not going to vote for any proposal that allows this Treasurer to increase the borrowing against the public credit for purposes that are unknown and for purposes that might be just to finance more handouts to the NovAtels and to the Peter Pocklington, to Myrias, and to all the long list of people that have had deals. You know, there's such a long list, Mr. Chairman. I'm not going to vote for any more money that could possibly be thrown down the drain by this Treasurer on his pet little ventures. So many of them have been failures.

There is such a pressing need for additional support in the health care system. I want to tell you, Mr. Chairman, that in my own constituency of Edmonton-Mill Woods we've just had layoffs of about 100 health care workers at the hospital, yet this Treasurer proposes to borrow an extra couple of billion, but not a dime of that's going to go for health care. At least he hasn't told me that. If he was going to say that we're going to make sure those health workers were there to provide the services that the members of my constituency deserve and are entitled to, then I'd be sympathetic to his request, but we haven't heard that at all.

The same thing in advanced education, Mr. Chairman. My constituents have been very discouraged and distressed about the problems in the advanced education system, the lack of access to opportunities. I represent a very young, dynamic constituency. There's a lot of young people coming out of high school that are looking for new opportunities, whether it's in the universities or the colleges or the technical schools of our province, and they see those opportunities being restricted and not being available. The Treasurer here has not said that he needs this additional borrowing power to try to ensure that there are places in those institutions for all Albertans, including my constituents, who are able and qualified to benefit from that education. Once again, he hasn't made the case, and I don't intend to support that request.

My colleague from Calgary-Mountain View has made the amendment that we just return this to the previous credit limit. Now, if the Treasurer needs some suggestions on where he could shave a few expenses, let me suggest that the salary of the Minister of Culture and Multiculturalism is a total waste. This minister is a minister that can't even . . .

MR. DEPUTY CHAIRMAN: Order please. Let's return to the amendment, please.

MR. GIBEAULT: The amendment's to return the debt limit to the original amount, Mr. Chairman. In other words, we're trying to make sure that the Treasurer's not borrowing additional money for unknown purposes, and I'm trying to give the Treasurer some suggestions. If he wants to make an amendment to his Bill here, I'd be interested in entertaining it. As I suggested, one of my suggestions is to reduce the salary of the Minister for Culture and Multiculturalism, because he's shown he's totally ineffective. He can't even get his own backbenchers . . .

Chairman's Ruling Relevance

MR. DEPUTY CHAIRMAN: Order please. While the Chair recognizes that this is a broad amendment, this is repeating the

debate that is appropriate for estimates under the department of culture, and I believe it's going beyond the realm of relevancy.

MR. GIBEAULT: With due respect, Mr. Chairman, the Treasurer here is asking for another \$2 billion. Is it going to be spent to pay the salaries of useless and totally ineffective ministers? I want to know that, and if it is, I won't vote for it.

Debate Continued

MR. GIBEAULT: Another totally useless minister is the minister for Occupational Health and Safety, who didn't even show up . . .

MR. DEPUTY CHAIRMAN: Order please. Order. [interjections] Order in the committee, too, please.

I would like to draw the hon. member's attention to citation 491 in *Beauchesne*. Please proceed.

MR. GIBEAULT: Well, Mr. Chairman, I take your direction here. I think I've made the points. There's a lot of waste, fat, and dead weight in the cabinet, and I won't embarrass them all by identifying them individually, except for the Minister of Culture and Multiculturalism and the minister of Occupational Health and Safety, who are particularly dead weight. Other than that, I think I've made my points . . .

Chairman's Ruling Parliamentary Language

MR. DEPUTY CHAIRMAN: Hon. member, the Chair must caution you a second time. If you persist, you will lose your opportunity to speak. I would draw your attention once again to citation 491 in *Beauchesne*. You are persisting in clearly violating that direction.

Debate Continued

MR. GIBEAULT: Mr. Chairman, I will yield the floor to other colleagues after I implore all the members of the House to support the fine amendment by my colleague, the Member for Calgary-Mountain View, who is concerned and has shown this concern about the public purse and the integrity of the public credit and the public debt. The Treasurer has clearly not made any case for this additional borrowing other than some generality about a cash flow problem, but that's simply not good enough for the people of Alberta. On behalf of my constituents, I am going to vote for my colleague's amendment on this, and I intend to vote against the Treasurer's proposal.

MR. DEPUTY CHAIRMAN: The Member for Edmonton-Belmont.

MR. SIGURDSON: Thank you, Mr. Chairman. This is really one of those amendments that gives the Treasurer almost everything the Treasurer has been asking for. The Treasurer has asked that he be allowed to increase the borrowing power for the province of Alberta by \$2 billion, almost 20 percent more than what it is at right now. The Treasurer wants to borrow more money to spend as he sees fit without having to come back to the Legislative Assembly and go through that democratic process of having to have legislative approval for other expenditures. So we've got a request to have \$2 billion more than what's currently available to the Treasurer to squander as he sees fit.

You know, we're just a few days short of the first quarter of this fiscal year, three months. We're into this fiscal year by three months. Now this amendment by my colleague from Calgary-Mountain View suggests that the Treasurer will have the second and the third quarter of the fiscal year to borrow that \$2 billion that he requests but that by the fourth quarter we have to revert to the current 11 and a half billion dollars that the current limit is at. Now, what's wrong with that? The Minister of Public Works, Supply and Services says that that's fair. I think it's fair. My colleague from Vegreville thinks it's fair. My colleague from Calgary-Mountain View, who thought long and hard on this one, makes this more than fair. Here's the request. You've gone through the first quarter and you tell us that you have a balanced budget. Surely to goodness by the fourth quarter you should be able to have that budget balanced. It gives you the second and third quarters to have the fluctuation and to go out and expend that \$2 billion. Surely to goodness, Mr. Chairman, if it is indeed a balanced budget, by the fourth quarter that \$2 billion shouldn't be required.

5:20

There you have it. What a wonderful amendment. There it is. Go ahead; spend the extra 2 billion bucks in the second quarter and the third quarter, but make sure it's back by the fourth. Every single Conservative Member of this Legislative Assembly who was pounding and thumping their desks when the Provincial Treasurer brought forward the budget and said it was balanced . . . [some applause] There you go again. I would suggest that every single member of the Legislature on the Conservative side of the House would say, "Yes, this is the kind of amendment that we're prepared to support." It allows the Provincial Treasurer all the flexibility that he requires. It allows the Provincial Treasurer to go and take the province into greater debt, but it also holds the Treasurer responsible to his commitment that the 1991-92 budget is indeed balanced.

Mr. Chairman, I would heartily recommend this amendment that my colleague from Calgary-Mountain View brings forward to every single Member of the Legislative Assembly that on budget night not too long ago thumped their desks when they heard those magic words "balanced budget," because this amendment allows the Provincial Treasurer to do exactly what he needs, exactly what he wants: increase the borrowing power for the second and third quarters and then bring back to this Legislative Assembly sometime next spring a piece of information that says that indeed - prove us in the opposition wrong - the budget was balanced.

With that . . . [interjections]

MR. DEPUTY CHAIRMAN: Order please.

MR. SIGURDSON: Mr. Chairman, I would recommend this amendment to all Members of the Legislative Assembly.

MR. DEPUTY CHAIRMAN: The Member for Edmonton-Jasper Place.

MR. McINNIS: Thank you, Mr. Chairman. It's my pleasure to rise in support of the initiative of my colleague the Member for Calgary-Mountain View. This debate is really about the bottom line, whether there is a bottom line in government and who's accountable for the achievement of that. Now, some of us have sat here and listened to Tories on the other side lecture us about how important the bottom line is, that you have to have a

bottom-line perspective, about how we can't reward effort, that we have to always keep our eye focused on the bottom line.

Well, we had an interesting exercise earlier today on how the Treasurer views the bottom line when my colleague inquired as to the relative performance of Alberta's Heritage Savings Trust Fund versus the Alaskan investment fund. Of course, on that occasion the Treasurer lectured us about how the bottom line wasn't really all that important in the final analysis, that you have to look at this factor and that factor, and if only we understood all the wonderful things that the government was doing, we wouldn't bug them about the fact that their bottom line is so pale and so poor in relation to that other fund.

Well, here we are now, talking about the bottom line of our provincial budget. The Treasurer came in, and he did talk about a balanced budget. Of course, it wasn't a balanced budget. In fact, what he forecast is a bit of BS, a budget surplus, in the amount of some \$30 million-odd. The Treasurer brought in a budget with BS on the bottom line, and that's what we're dealing with. Of course, later on the Treasurer had to come and ask for a \$2 billion borrowing authority in addition to this budget, which was a BS budget to begin with.

We have to ask the Treasurer: why, if you have this surplus budget, do you need to borrow \$2 billion in the current year? He had an explanation which again had nothing whatsoever to do with the bottom line. You know, it had to do with the fact that we needed to understand that there were certain things the Treasurer had to undertake, that there were certain cash flow difficulties he faced on a day-to-day basis, and for that reason we should be understanding of the fact that while the budget would be balanced or it would actually be a BS budget, in the final analysis . . .

Chairman's Ruling Parliamentary Language

MR. DEPUTY CHAIRMAN: Order, hon. member. Perhaps you could withdraw that remark also, as it was stated previously, as it is contrary to the rules of this House.

MR. McINNIS: I defined "BS" as budget surplus, which is the way the Treasurer presented his budget in the House.

MR. DEPUTY CHAIRMAN: Now that you've defined it, please proceed, but perhaps you could find some clearer way of expressing it.

Debate Continued

MR. McINNIS: Thank you, Mr. Chairman. The Treasurer tried to lecture the members of the opposition and, through us, members of the general public about how the complexity of government is such that even though the budget does show a surplus over the year, he has to borrow \$2 billion because of a cash flow situation. He has a bit of a cash flow bubble that he has to overcome during the period, but if we wait till the very end of the period, we're going to be in a surplus position, better than a balanced budget; therefore, the borrowing requirement is merely a temporary one. On this particular occasion the Member for Calgary-Mountain View has called the Treasurer's bluff. He's called the bluff of the Treasurer, Mr. Chairman. He's said: well, okay, if that's the way it is, if you need this money on a temporary basis, let's amend Bill 45 to make the \$2 billion authority in fact a temporary one and not a permanent part of the inherited debt of the province of Alberta, that negative legacy which is handed on to the next generations.

In view of the hour, I would like to beg leave to adjourn the debate, Mr. Chairman.

MR. DEPUTY CHAIRMAN: Having heard the motion to adjourn debate, all those in favour, please say aye.

HON. MEMBERS: Aye.

MR. DEPUTY CHAIRMAN: Those opposed, please say no. Carried.

Hon. Deputy Government House Leader.

MR. STEWART: Mr. Chairman, I move the committee rise and report.

[Motion carried]

[Mr. Speaker in the Chair]

MR. JONSON: Mr. Speaker, the Committee of the Whole has had under consideration certain Bills and reports progress on Bill 45.

MR. SPEAKER: Having heard the report, does the Assembly concur?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried. Thank you.

[At 5:28 p.m. the Assembly adjourned to Thursday at 2:30 p.m.]

