

Legislative Assembly of Alberta

Title: **Monday, May 1, 1995**

1:30 p.m.

Date: 95/05/01

[The Speaker in the Chair]

head: **Prayers**

THE SPEAKER: Let us pray.

As Canadians and as Albertans we give thanks for the precious gifts of freedom and peace which we enjoy.

As Members of this Legislative Assembly we rededicate ourselves to the valued traditions of parliamentary democracy as a means of serving our province and our country.

Amen.

head: **Presenting Petitions**

THE SPEAKER: The hon. Member for Lethbridge-West.

MR. DUNFORD: Thank you, Mr. Speaker. I beg leave to present a petition that's been signed by 1,650 Albertans from Lethbridge and southwest Alberta expressing their "opposition to the creation of a wildland recreation area" that would restrict camping, hunting, off-road vehicle use, and berry picking.

THE SPEAKER: The hon. Member for Calgary-Buffalo.

MR. DICKSON: Thank you, Mr. Speaker. I'm pleased this afternoon to introduce a petition signed by 118 Calgaryans. The petition urges the Legislative Assembly "to ensure all Alberta school boards provide the opportunity for each eligible child to receive a minimum of 400 hours of Early Childhood Services instruction." It also urges the government to ensure that Alberta school boards have money available to fund 400 hours of ECS, sir.

Thank you.

head: **Notices of Motions**

THE SPEAKER: The hon. Member for Edmonton-Meadowlark.

MS LEIBOVICI: Thank you, Mr. Speaker. I rise this afternoon to serve notice that I will stand at the appropriate time pursuant to Standing Order 40 to seek unanimous consent from the Legislative Assembly to deal with the following: "Be it resolved that this Assembly recognize May 1, 1995, as international workers' day."

Thank you.

head: **Introduction of Bills**

THE SPEAKER: The hon. Member for Calgary-North Hill.

Bill 34 Electric Utilities Act

MR. MAGNUS: Thank you, Mr. Speaker. I request leave to introduce Bill 34, the Electric Utilities Act.

This Bill establishes a new structure for the Alberta electric industry.

[Leave granted; Bill 34 read a first time]

MR. DAY: Mr. Speaker, I move that Bill 34, as just introduced, be moved onto the Order Paper under Government Bills and Orders.

[Motion carried]

THE SPEAKER: The hon. Member for Calgary-North Hill.

Bill 35 Electric Energy Marketing Repeal Act

MR. MAGNUS: Thank you, Mr. Speaker. I now request leave to introduce Bill 35, the Electric Energy Marketing Repeal Act.

This is the replacement, of course, for EEMA.

[Leave granted; Bill 35 read a first time]

MR. DAY: Mr. Speaker, I move that Bill 35, as just introduced, be moved onto the Order Paper under Government Bills and Orders.

[Motion carried]

Bill 38 Alberta Corporate Tax Amendment Act, 1995

MR. DINNING: Mr. Speaker, I move first reading of Bill 38, the Alberta Corporate Tax Amendment Act, 1995.

Mr. Speaker, for the most part this legislation reflects changes to corporate income tax at the federal level.

[Leave granted; Bill 38 read a first time]

Bill 39 Treasury Branches Statutes Amendment Act, 1995

MR. DINNING: Mr. Speaker, I move first reading of Bill 39, the Treasury Branches Statutes Amendment Act, 1995.

Mr. Speaker, what this Bill does is improve Alberta Treasury Branches' autonomy, accountability, and method of governance by establishing a board of directors to govern its operations. This follows from recommendations by the Alberta Financial Review Commission as well as the Auditor General.

Mr. Speaker, I also want to advise the Assembly that an independent process is in place to solicit nominations for the board of directors. Edmonton lawyer Mr. Louis Desrochers will chair a panel that will solicit and receive nominations and make recommendations to the government on appointments.

[Leave granted; Bill 39 read a first time]

Bill 40 Government Accountability Act

MR. DINNING: Mr. Speaker, finally, I'd like to move first reading of Bill 40, the Government Accountability Act.

Mr. Speaker, this is an important piece of legislation that legislates current practice in financial reporting, business planning, and accountability. It sets a standard of financial responsibility for government accountability that no other government in North America is required to meet.

[Leave granted; Bill 40 read a first time]

head: **Tabling Returns and Reports**

THE SPEAKER: The hon. Member for Spruce Grove-Sturgeon-St. Albert.

MRS. SOETAERT: Thank you, Mr. Speaker. I'd like to table four copies of a letter sent by the Member for Edmonton-Beverly-Belmont indicating that he uses inflammatory statements solely to get press. Even more alarming than that, the Premier has asked this member to draft legislation on this most sensitive issue. Now, there's a scary thought.

MR. MITCHELL: Mr. Speaker, I'm tabling four copies of a release from Alberta Natural Gas indicating that they are very happy with the \$4.8 million purchase price for the MagCan plant because they can make some money on that price to help offset their losses. Of course, it's not going to help us offset the government's losses.

I'd also like to table a letter from the Auditor General dated October 1994 indicating, contrary to the Premier's belief, that in fact the Bovar \$100 million loan guarantee is a new loan guarantee brought in after the last election.

THE SPEAKER: The hon. Member for St. Albert.

MR. BRACKO: Thank you, Mr. Speaker. I'm tabling four copies of letters from Edna Steel, president of the Parent Advisory Committee of Vital Grandin Catholic School, and Margaret Shaw, president of the Local Advisory Committee of Vital Grandin Catholic School. Both presidents and their committees urge the Legislative Assembly of the province of Alberta to amend the School Act to "mandate the right of access to fully funded kindergarten . . . to a minimum of 400 hours per child per year."

THE SPEAKER: The hon. Member for Calgary-Fish Creek.

MRS. FORSYTH: Thank you, Mr. Speaker. I'm pleased to table today the annual report of the Alberta Opticians Association for the year ended December 1993.

MR. DINNING: Mr. Speaker, as a result of the legislation that I filed earlier this afternoon, I wish to file with the Assembly as well a copy of the general review and recommendations for changes with regard to Alberta Treasury Branches prepared by Mr. Gordon W. Flynn as well as a copy of the report of the working group on Treasury Branches dated February 10, 1995, this working group chaired by the Rt. Hon. Don Mazankowski.

Mr. Speaker, clearly, the legislation we put in place today shows the commitment of the government to Treasury Branches. It is not on the for-sale list. It is clearly, at the behest of these people as well as the Financial Review Commission and the Auditor General, an organization that would best be suited for better governance structure in the 1990s, and that's what we have put in place today.

1:40

THE SPEAKER: The hon. Minister of Transportation and Utilities. [interjections] The hon. Minister of Transportation and Utilities.

DR. WEST: Yes, Mr. Speaker. [interjections] It's going to be quite a day; isn't it?

Mr. Speaker, today I'd like to file with the Assembly something that's never been filed before, and that's the Alberta cities

transportation partnership '95-96 grants to cities. This outlines the full amount of \$58 million that's spent in our cities and transferred from the province to the cities. We have also kept within this – and it'll be readable – the cost-sharing ratio for capital projects within our cities of 75 percent provincial government and 25 percent cities.

The package I'm filing includes background on how the Alberta cities transportation partnership is structured and how the funding is being applied across Alberta cities on essential transportation projects. As I say, this is consistent with the Auditor General's request that we show complete transparency of all dollars spent to the taxpayers of Alberta.

head: **Introduction of Guests**

MR. MITCHELL: Mr. Speaker, it's my pleasure to introduce a group of children and their parents from the Home-based Learning Society of Alberta. There are 14 students. They are accompanied by parents Marie Michaud, Gay Edmonds-Lang, Cathy Harline, Melanie Moore, and Bernadette Walker. Also represented by the children are the Los, Goldie, Goertz, Kendall, and Miciak families. I would ask that they stand in the gallery and receive the welcome of the Members of the Legislative Assembly.

THE SPEAKER: The hon. Member for Edmonton-Roper.

MR. CHADI: Thank you very much, Mr. Speaker. Today I have the pleasure of introducing 43 students from St. Charles school in my constituency of Edmonton-Roper. That's in Edmonton Castle Downs. Along with them today are two teachers, Mrs. Denise Zubko and Mrs. Paula D'Amours. They're in the public gallery. I'd ask that they rise and receive the traditional warm welcome of this Assembly.

THE SPEAKER: The hon. Member for St. Albert.

MR. BRACKO: Thank you, Mr. Speaker. I am honoured to present to you and to the Members of the Legislative Assembly 30 students from one of St. Albert's finest schools, the Wild Rose school. They're grade 6 students who are studying the government unit. They're here with their educator Bob Ferguson and parent assistant Cliff Molyneaux. They are seated in the members' gallery. I'd ask that they rise and receive the warm welcome of the Assembly.

MR. WICKMAN: Mr. Speaker, it is my privilege to introduce to you and through you to Members of the Legislative Assembly a very intelligent, well-informed individual from the riding of Edmonton-Rutherford. David Prenoslo will be working in my constituency office as a STEP student. David, if you would stand and receive the traditional warm welcome of this House.

THE SPEAKER: The hon. Minister of Agriculture, Food and Rural Development.

MR. PASZKOWSKI: Thank you, Mr. Speaker. It's a great pleasure for me to introduce to you and through you to Members of the Legislative Assembly a group of Chinese officials on a Canada study tour in conjunction with the Chinese feed industry development project. The national feed industry development project is approximately a \$375 million initiative by the government of China to expand and improve the capacity of the animal feed industry. This project consists of a very wide range of

initiatives varying from the manufacture of machinery through a number of industrial processes for the manufacture of feed additives and protein concentrates and also includes the expansion of canola and soybean production and processing capacity.

At this time I'd like to introduce Ji Zhiha, deputy director of the national feed industry, office of the Ministry of Agriculture, from Beijing; Li Defa, associate dean of the college of animal science and technology, Beijing agricultural university; Ni Dexin, party secretary, Huanggang prefecture, Hubei province; Zhou Xinchun, senior economist for the national feed industry office; Liu Jihong, economist, State Planning Commission; Alex Schumacher, vice-president of Agriteam Canada Consulting Ltd. of Calgary and manager of Agriteam's input to the national feed industry development project; and Haybina Hao, president of May-Calyda Oriental Trading Inc. of Calgary. Our visitors are seated in the members' gallery, and I'd ask them all to now rise and receive the usual warm, traditional welcome from this Assembly. If you would all rise, please.

head:

Oral Question Period

Magnesium Company of Canada

MR. MITCHELL: Mr. Speaker, last Friday the government announced the \$4.8 million sale of MagCan's assets to Alberta Natural Gas, MagCan's original private-sector owner. MagCan has cost the Alberta taxpayer \$164 million that we know about. Now we find that the business whizzes on the other side of the House, first of all, did not own the technology in the plant and, secondly, despite committing \$164 million to the project, never owned the plant itself, even when they paid out the loan guarantee. To the Premier: how could his government end up paying over \$164 million in taxpayers' dollars yet not own either the technology or the plant itself?

MR. KLEIN: Well, I will give the hon. leader of the Liberal opposition credit for raising an issue that we have said and have admitted as a government is in fact an issue, and that is that governments ought not to be in the business of being in business. Mr. Speaker, basically our resolve was to get out of this as quickly as possible.

Relative to what was negotiated back in 1984 or 1985, well, Mr. Speaker, I wasn't privy to that particular negotiation. We do know that, yes, something went sour, very seriously wrong, and for that I think we're sad. The fact is that we're now out of this situation, and it's been a difficult time getting out of the situation. The Liberals over here wanted so badly to be the government. I mean, they just campaigned like crazy to become the government. It would be interesting to hear from the hon. leader of the Liberal opposition what they would have done under the circumstances.

MR. MITCHELL: I appreciate the credit, but we get really nervous when the Premier starts talking about extending credit, Mr. Speaker.

Why won't the Premier table today in the Legislature, or soon at least, the MagCan loan guarantee documents? They exist today, not in 1985, not in 1986. It's his responsibility. He could table them in the House today. Is it because there were in fact provisions for him to own that plant, to take it over when he exercised his loan guarantee and his government failed to do that?

1:50

MR. KLEIN: I don't know, Mr. Speaker. We would have to go back and look at the documentation, especially the part that deals

with a proprietary interest in the technology, and that would have to be sorted out with the person the hon. leader of the Liberal opposition alluded to.

MR. N. TAYLOR: You don't have to sort it out; just file it.

MR. KLEIN: Well, Nick, I know that one of you has difficulty asking a question, but two of you really makes it difficult. [interjection] Yes, right. I lost my train of thought. What was it now? [interjections] Well, Mr. Speaker, if the hon. Member for Redwater would just button his lip, you know, then maybe I could concentrate a little bit. [interjections] No, really. I'm afraid I'm going to have to have the hon. leader of the Liberal opposition ask the question again so I can provide the answer.

MR. MITCHELL: I'm just repeating my second question here, Mr. Speaker. Why won't the Premier table publicly, release publicly the MagCan loan guarantee documents? What's he afraid of? What's he got to hide? He can do that now.

MR. KLEIN: Mr. Speaker, that wasn't the part of the question that I lost my train of thought on. [interjections] I am sorry, sir. It has finally come back to me, and that was the whole issue of the technology. I mean, that was part of why the deal, as I understand it, went sour. There were a number of deficiencies with that operation. First of all, there was the fact that the government didn't acquire the technology or for some reason could not acquire it. Secondly, as I understand, the cost of getting the raw material to the plant was very expensive. Thirdly, I understand that the plant couldn't actually produce enough magnesium alloy. So there were a number of deficiencies, and that's why - now I know what the question was - the province did not buy it: because simply it was a plant that would not and could not work.

MR. MITCHELL: Mr. Norm Wagner, as the president of Alberta Natural Gas, supervised the collapse of MagCan. Is it just a coincidence that the Premier enlisted him subsequently to restructure the health care system in this province, Mr. Speaker?

MR. KLEIN: Mr. Speaker, quite simply, one does not relate to the other. [interjections]

THE SPEAKER: Order. It wasn't relevant.

Special Waste Treatment Centre

MR. MITCHELL: The government said Friday that it's closed the books on its financial fiascos with the sale of MagCan and the acknowledgment of \$164 million in taxpayers' losses. Yet, Mr. Speaker, there is the Premier's own personal financial issue, the Swan Hills waste management plant. It was the Premier who renegotiated the arrangement that may ultimately cost Alberta taxpayers \$600 million in subsidies to Bovar, and it was the Premier who gave Bovar a \$100 million loan guarantee just eight days after the last election. To the Premier: how did the Premier justify a \$100 million loan guarantee to Bovar? Hasn't he figured out how to say no yet?

MR. KLEIN: Mr. Speaker, something tells me that this session is wearing very, very thin. It seems to me that this is the way the Liberal opposition started out their questioning not this session but last fall. At that time I tabled the same letter from the Auditor

General that the hon. leader of the Liberal opposition is just getting around to tabling today.

MR. MITCHELL: Is the Premier still saying that the Auditor General had it all wrong in his letter of October last year when he wrote, "the [Bovar] guarantee is new," Mr. Speaker? There is no dispute about that in the Auditor General's letter, or can the Premier not quite read it properly?

MR. KLEIN: Mr. Speaker, if the hon. leader of the Liberal opposition wants to recycle his questions, I will recycle my answer, and my answer given at that particular time appears on the second page of the Acting Auditor General's letter. It says:

The Corporation had a contingent liability regarding Bovar's bank indebtedness, to the extent that it existed prior to the expansion. Therefore, the new guarantee replaced the original contingent liability in addition to covering the indebtedness from the plant expansion.

Mr. Speaker, I have to point out that the Auditor General recognizes and says quite specifically: "I regret that the contingent liability was not disclosed in the Corporation's audited annual financial statements prior to 1993-94." He acknowledges that in fact there may be a problem here relative to interpretation of this particular issue.

MR. MITCHELL: When the Premier says that the losses are all over, when he says that he's getting out of the business of being in business, can he tell us exactly how much it's going to cost the Alberta taxpayer for the Premier to get us all out of Swan Hills? It's already cost Albertans \$220 million, and it's rising, Mr. Speaker.

MR. KLEIN: Mr. Speaker, the hon. Member for Calgary-Shaw, who is chairman of the Special Waste Management Corporation, is working quite diligently with the new board to explore offers and opportunities to do precisely what the leader of the Liberal Party wants us to do, and that is to get out of that business.

Relative to that plant, relative to the usefulness of that plant, this is a plant that exists nowhere else in this particular country. It has dealt with a very serious problem in this province, and that is the whole problem of hazardous waste. It doesn't matter whether we're dealing with hazardous waste or normal household waste. There is a cost to the public and to the taxpayer of dealing with waste, and that plant has dealt very effectively and very efficiently with a problem that other jurisdictions are now trying to come to grips with.

THE SPEAKER: The hon. Member for Edmonton-Whitemud.

Machinery and Equipment Tax

DR. PERCY: Thank you, Mr. Speaker. Last Friday the Alberta Economic Development Authority recommended that the machinery and equipment tax for educational funding be eliminated once the budget is balanced. This also echoes the recommendations of the Tax Reform Commission. While Albertans agree that the machinery and equipment tax is a discriminatory tax that reduces our economic competitiveness, the issue has always been how to phase it out. It's important that the burden from a phaseout not simply be transferred onto the local property tax base or onto small business. My questions are to the Premier. Given that small businesses create over 70 percent of the new jobs in this province, will the Premier make a commitment not to permit the \$250 million burden to be shifted onto the small business sector?

MR. KLEIN: Well, certainly that kind of a shift would be totally inconsistent with what we want to do. Our overall objective, Mr. Speaker, is certainly to maintain and enhance, if we possibly can, our competitive tax position and make it even better. There is no doubt that the Tax Reform Commission and the council of the Economic Development Authority have come to the conclusion that in fact the M and E tax is to some degree an economic inhibitor. We're one of the few jurisdictions in Canada with such a tax.

Right now it is in the hands of four ministers: the Minister of Education, the Provincial Treasurer, the Minister of Municipal Affairs, and the minister responsible for Economic Development and Tourism. Their assignment is precisely as the hon. member suggests, and that is to find a way to get out of the educational portion of the M and E tax and at the same time not to shift the burden to small business but to find some way of replacing that tax and making sure that those municipalities who now collect that tax are not unduly harmed.

2:00

DR. PERCY: The uncertainty, Mr. Speaker, about the M and E has dragged on for years. Will the Premier commit to establishing a specific time period for the phaseout of the machinery and equipment tax so that local authorities and boards have time to compensate for the loss of tax revenues? A specific timetable.

MR. KLEIN: Again I would point out that the recommendation is for the educational portion. The recommendation also says that we should attempt to achieve this when we table the 1996-97 budget. Hopefully that will give the hon. member some indication as to the time frame.

THE SPEAKER: Final supplemental.

DR. PERCY: Thank you, Mr. Speaker. Since phasing out the machinery and equipment tax will lead to increased investment and consequently higher provincial corporate and personal income tax revenues, will the Premier commit to using some of these increased revenues to ease the transition of those municipalities and jurisdictions that rely heavily on M and E revenues?

MR. KLEIN: Well, Mr. Speaker, I would imagine that would be one of the scenarios we could look at. Indeed that was included in the preamble to the recommendation, that in fact the corporate income tax and the personal income tax that would be generated through increased industrial activity would more than compensate for the M and E tax. One just doesn't happen at the same time as the other happens. In other words, you don't build a plant overnight, so we're going to have to look for some form of bridge financing perhaps or another mechanism to make sure that those communities who might suffer will not unduly suffer.

Vehicle Seizures

MR. DOERKSEN: Mr. Speaker, during the last several months I have received a number of inquiries about the Driver Control Board. Most recently, on Thursday as a matter of fact, I was advised by a constituent who works at a vehicle dealership that one of their vehicles was seized when being test-driven by a customer. Not only has it been seized, but it has been held for 30 days. My question is to the Minister of Municipal Affairs. Would the minister explain how this could happen?

THE SPEAKER: The hon. Minister of Municipal Affairs.

MR. THURBER: Thank you, Mr. Speaker. That's a good question. The vehicle seizure program was introduced back in 1989 I believe, and under that program any person caught driving a vehicle while their licence has been suspended can be charged under the Act with driving while suspended as well as having that vehicle seized and towed and stored at that time.

MR. DOERKSEN: Well, in this case, Mr. Minister, the problem is with the dealer, and we're penalizing the dealer.

Would the minister explain how this program works?

MR. THURBER: Mr. Speaker, any person suspended by the courts under the Motor Vehicle Administration Act who is caught by the police driving while that suspension is in place will be charged with driving under suspension, and the vehicle will be seized and towed and stored for 30 days. In order to get it back early, the registered owner of that vehicle must submit an application and have a hearing before the Driver Control Board. The fee for these hearings can vary from \$100 to \$200. In fact, they will then determine whether they get the vehicle back before the 30 days.

MR. DOERKSEN: Would the minister tell me if the Driver Control Board can exercise any common sense when reviewing these situations?

MR. THURBER: Mr. Speaker, certainly we try and exercise common sense, but there is some onus on any person who is lending out a vehicle or having somebody test-drive a vehicle to in fact make sure that that person is qualified to drive that vehicle. We do co-operate with a lot of the carriers and a lot of the businesses in providing abstracts of all licences that are requested so that they in fact know whether a person is qualified to drive or whether in fact their licence is under suspension. So there is a lot of common sense involved in it.

Thank you.

THE SPEAKER: The hon. Member for Calgary-Buffalo.

Holy Cross Hospital

MR. DICKSON: Thank you, Mr. Speaker. Lack of planning by this government in health care is evident at the Holy Cross hospital in my constituency of Calgary-Buffalo. Since this government decided to close the Holy Cross, the regional health authority in Calgary has stopped all renovation work and now must pay a penalty to break those building contracts. A year ago on May 26 the Premier told me and he told Albertans that by closing the Holy Cross we would "save money . . . and get more dollars to the hospital beds where they are needed." Since a year later we still don't see more dollars for hospital beds, I want to come back to the hon. Premier and ask him this: how much must taxpayers pay as a penalty for stopping construction work on the Holy Cross hospital?

MR. KLEIN: Mr. Speaker, ultimately there will be savings, and the savings have been illustrated by the Calgary regional health authority. The statement that funds indeed have not been made available to allow for the transfer of beds and other equipment from the Holy Cross hospital to other institutions is not true, and I'll have the hon. minister supplement.

MRS. McCLELLAN: Mr. Speaker, as the Premier indicated, the savings, I think, should be obvious even across the way. When you take a complete site out, you are able to transfer the operating dollars to a consolidated site. We have advanced \$7.5 million to move the cardiovascular program from the Holy Cross to the Foothills site.

Mr. Speaker, I think the hon. member shouldn't lose sight of the real importance of consolidating those programs. Instead of having individual programs on individual sites operated by individual administrations, we will have a co-ordinated approach where surgeons will have operating rooms in a co-ordinated way. Indeed what we will be doing is reducing waiting times for people who are waiting for that very important surgery.

MR. DICKSON: Mr. Speaker, I ask again: how much was the penalty?

MR. KLEIN: Mr. Speaker, I don't have the answer at my fingertips. Perhaps the Minister of Public Works, Supply and Services might.

MR. FISCHER: The penalty for stopping the contract is still in negotiations yet, and a final settlement hasn't been made.

THE SPEAKER: Final supplemental.

MR. DICKSON: Thank you, Mr. Speaker. Well, I think, then, I want to ask: where will this money come from? Is it going to come from the Department of Public Works, Supply and Services? Is it going to come from the budget of the Department of Health? Or is it going to come from the budget of the Calgary regional health authority, a budget that is still a big secret?

MR. KLEIN: Mr. Speaker, it is my understanding that it will come from Public Works, Supply and Services, and I'll have the hon. minister supplement.

THE SPEAKER: The hon. minister.

MR. FISCHER: Yes. There was \$30 million in last year's budget that was budgeted for that program, and it was stopped partway through. Some of those items that were put in there have been moved to the other hospitals as well. It isn't all lost. There is a cost to shutting down the project, and it will come forward when the negotiations are finished.

THE SPEAKER: The hon. Member for Lethbridge-West.

2:10 Municipal Infrastructure Program

MR. DUNFORD: Thank you, Mr. Speaker. The Canada/Alberta infrastructure works program is being reprofiled. Now, I'm not sure what reprofiled actually means, but it may be something that the *Edmonton Sun* was trying to do to me earlier today. Nevertheless, this has placed a hold on this particular program. To the minister of transportation, in charge of the Canada/Alberta infrastructure works program: what will happen to those applications that have been submitted but are awaiting approval?

DR. WEST: It's a good question. We're dealing with the federal government on it, and they haven't given clarity on this. We have about 200 applications in process right now and about 867 that have been approved. The federal government has given a two-

year extension on this program, and they haven't indicated at this time how the cash will flow on the existing applications that are there. Provincially we will forward the money on those applications that have been approved. At the present time, on those new applications that are pending, we have to negotiate with the federal government on where we're going with those.

THE SPEAKER: Supplemental question.

MR. DUNFORD: Yes. Thank you. Again to the same minister: will the minister attempt to derive some methodology so that we can approve the applications that are already in the system and just simply delay the funding?

DR. WEST: Well, again, the complex issue here is how fast we can find a formula with the federal government in order to expedite that.

I'll just table here copies of a letter I recently sent to the Hon. Arthur Eggleton - he's the president of the Treasury Board and minister responsible for infrastructure - as well as Lloyd Axworthy, minister of western diversification. In one of the statements I said:

I would like to bring to your attention the impact that the federal approval process is having on the municipalities who are awaiting payment on their claims . . . The approval process in this case is unduly burdensome for municipalities.

I'll table this as an indication and, again, a statement to the federal government that indeed we want to see a simplified process. I must say that the previous minister, who was involved when this project came forward, did stress with the federal government that their process likely was going to be complicated and would be burdensome to the municipalities.

So in answer to your question: we will continue to look at this. I can't say that we can go ahead and approve a whole lot of projects if the funding isn't going to be there. Then, of course, we're going to get into a catch-22 with the municipalities, having approval but not the dollars.

THE SPEAKER: Final supplemental.

MR. DUNFORD: Yes, Mr. Speaker. Given that it's the understanding that it is the program completion that has been extended, is there a planned extension to the September 30, 1995, deadline for applications?

DR. WEST: Well, I would just say that that's a foregone conclusion. At the present time we're dealing with the provincial, federal, and municipal committee on this, because they haven't stated it absolutely in writing. I would say here that you can't extend a program two years and not dedicate the exact amount of funds that you have in the next year's budget and not extend the application process deadline. So we just have to smooth that out with the federal government, but I would think that it's a foregone conclusion.

THE SPEAKER: The hon. Member for Redwater.

Wood Chips

MR. N. TAYLOR: Thank you, Mr. Speaker. The question is to the minister in charge of forestry. A few weeks ago . . .

AN HON. MEMBER: You mean Forest Stump?

MR. N. TAYLOR: I didn't call you Forest Stump.

A few weeks ago, Mr. Speaker, I drew attention to the distortion of the market for logs and timber in this province largely because the minister directs where it should go. I have another example now of market distortion. This is with respect to chips. After the logs go through the mill, there are chips and stuff left over. This minister forces sawmills in this province to sell only to selected markets, which means that they get less than 50 percent of the market price for their chips. The question: why does the minister distort the free market and limit the profitability of our sawmill operators by forcing them to sell chips where he says they should be sold?

MR. LUND: Mr. Speaker, it's true that there are some agreements in place that require chips to go in a certain direction. As far as only paying a portion or half, that is not totally accurate. As a matter of fact, some of the companies have voluntarily raised the price substantially over most recent times. As a matter of fact, I had a report the other day that one company was paying up to \$85 a tonne, which is perhaps not quite market value yet, but it's very close. We are working to see what we can do to eliminate the chip direction policy that has been in place for some time.

MR. N. TAYLOR: Mr. Speaker, I guess half a tree is better than no tree at all.

They have increased their prices from about 35 percent of the world market to 55 percent of the world market. Now, does the minister not realize that having the cheap chips is an indirect subsidy really to the pulp companies? If they paid market price, then the lumber cutters could pay more for their stumpage rates when they bid on the timber. So the taxpayer is in effect subsidizing our pulp companies for cheap chips.

MR. LUND: As I indicated in my first answer, we are working toward the elimination of the chip direction. These agreements have been in place for some long time, and this administration has not directed chips. This administration. Now, Mr. Speaker, I'm wondering: is the hon. member suggesting that we open the B.C. border for the sale of chips? Well, he was talking about market price of logs the other day. Is he suggesting that we open the border to B.C., that we can then send the chips to B.C. and cash in on their export of chips?

MR. N. TAYLOR: Mr. Speaker, the last time I looked, we won the right to ask questions. He has to answer them.

Knowing full well that B.C. only allows chips to be marketed within B.C., anywhere in B.C., all I'm asking is: can the minister put the same system in place in Alberta, where they could be marketed anywhere they want in Alberta? Let the chips fall where they may.

MR. LUND: Well, Mr. Speaker, I'm very pleased that the hon. member wants to see the chips fall where they may. Maybe I should bring the hon. member up to speed about what does happen in B.C. The fact is that B.C. does export chips. They sell them offshore. As a matter of fact, they're a prime supplier of chips to Japan, and they're selling chips into the Middle East. Now, the way it works is if a company has chips for sale, they put them on the market at a certain price. If a mill in B.C. is prepared to pay that price, then they can get the chips. Otherwise, they can be exported.

THE SPEAKER: The hon. Member for Bow Valley.

Summer Farm Employment Program

DR. OBERG: Thank you, Mr. Speaker. Eighteen years ago I was involved in a government program that taught me many valuable skills that I have often used. This program, the summer farm employment program, an essential part of rural life, has been around for over 20 years. To the minister of agriculture. My constituents have asked me: given the present government downsizing, has the minister been able to continue this valuable employment and training program?

THE SPEAKER: The hon. Minister of Agriculture, Food and Rural Development.

MR. PASZKOWSKI: Thank you, Mr. Speaker. This indeed is a very valued program and a very highly respected program because of its success through the years. It's a joint program between advanced education and agriculture and has many success stories, as we have here in the House today. Since 1972 . . . [interjection] Perhaps it's unfortunate that the hon. Member for Spruce Grove-Sturgeon-St. Albert didn't take this program. [interjections]

THE SPEAKER: Order. [interjections] Order, hon. members. The hon. minister.

MR. PASZKOWSKI: Thank you, Mr. Speaker. Since 1972 this program has graduated approximately 34,500 young people, who have learned basic skills, practical skills, as far as agriculture is concerned. I'm very pleased that we have budgeted \$381 million towards this program, so it will continue for another year.

2:20

THE SPEAKER: The hon. member.

DR. OBERG: Thank you, Mr. Speaker. Are there any requirements prospective participants must meet to qualify for this program?

MR. PASZKOWSKI: I'm sorry, Mr. Speaker. I had said \$381 million. I meant \$381,000. Prospective . . . [interjections] It is such a successful program really that \$381 million weren't required; \$381,000 carries it forward very successfully.

In order to qualify for this program, there are some restrictions, Mr. Speaker, in that the age requirement is between 15 and 24, the producer can't hire one of his own family members to become part of the program, and there is a deadline for application of May 19 in order to qualify for this program.

THE SPEAKER: Final supplemental.

DR. OBERG: Thank you, Mr. Speaker. My constituents were extremely happy there for a minute.

How many positions will be available under this program this year?

THE SPEAKER: The hon. minister.

MR. PASZKOWSKI: Thank you, Mr. Speaker. The program will allow for 550 young employees to learn additional skills. This is important because it fits into the overall scheme of education in this province, and it allows for the practical on-farm,

hands-on experience that is so important in order to round out the skills of a young student.

THE SPEAKER: The hon. Member for Edmonton-Highlands-Beverly.

Access to Adoption Information

MS HANSON: Thank you, Mr. Speaker. The opening of adoption records, while long overdue, has made many Albertans unable to search for their birth parents because they cannot afford the new fees. When the amendments were debated, we were led to believe that the fees would be about \$250. Now we learn that they're running as high as \$1,000. Surprisingly the only people the government thinks may need a subsidy to help pay for the fee are people on AISH or seniors who are eligible for the seniors' benefit. My questions are to the minister. How many seniors does the minister really think will be out searching for their birth parents or their siblings?

MR. CARDINAL: We always look after the high-needs areas. Of course I've indicated, Mr. Speaker, that this is a very important program to a lot of people in Alberta. I also made a commitment that I will do an ongoing review of this program. This program has only been operating one month. If there are problems within the system, I'll review it and change it if necessary.

THE SPEAKER: Supplemental question.

MS HANSON: Thank you. Mr. Minister, are you giving a subsidy to seniors because you know that the number of seniors wanting to search for their birth parents will be minimal at best?

MR. CARDINAL: Mr. Speaker, I think I've answered that question already. When it comes to the high-needs areas, again they are our top priority, and we'll do anything in the department to assist those particular people. Again I want to stress the fact that if there are complications in the program, implemented only a month ago, I'm willing to review it. We do have an ongoing review. I have a commitment to have an ongoing review of the program for the first year, and if changes are required and if changes can be made within that first year, we'll do it.

MS HANSON: Mr. Minister, it isn't common sense.

However, will the minister commit that the unregulated cost of searching will be a priority when you carry out the review and that all findings will be made public after your review?

MR. CARDINAL: Mr. Speaker, we do monitor the costs. That's always been in place, and we'll continue doing that.

THE SPEAKER: The hon. Member for Lacombe-Stettler.

Tourism Marketing

MRS. GORDON: Thank you, Mr. Speaker. My questions today are to the minister responsible for Economic Development and Tourism. The David Thompson tourist council in partnership with the Red Deer Visitor and Convention Bureau and the Battle River Tourist Association has repeatedly requested TIAALTA to redefine the boundaries as proposed for the Alberta Heartland tourism destination region under the Alberta tourism partnership proposal. They would like to see it divided into two distinct

marketing regions: one to cover north of Highway 16 and the other region to cover the area south of this highway. They believe there are vast differences in tourism product and market objectives between the two areas and as such have stated that it is not feasible that the two be grouped together. Mr. Minister, are the proposed boundaries now fixed and final, or is it possible that their concerns could be alleviated and that further adjustments may occur?

THE SPEAKER: The hon. minister responsible for Economic Development and Tourism.

MR. SMITH: Thank you very much, Mr. Speaker, and thank you very much for the question from the hon. member. It's something that's been suggested by not only that hon. member but other hon. members from the Red Deer area, and it's important that industry start to make these decisions as to what affects them the most and how they can get the most impact from the relationship.

In fact, Mr. Speaker, that's the reason why I would like to table today four copies of a press release announcing the creation of an Alberta tourism partnership. This is a partnership that is designed to bring the tourism industry together, provide that strong leadership from within the industry, and make aggressive marketing practices very much a part of the industry. This, then, is very consistent with what's happening not only in the Canadian tourism industry but also in the tourism industry throughout the world.

So in fact, Mr. Speaker, in direct response, to restate the importance of a marketing region is something that will be best determined by those within the marketing region, and in fact the Alberta tourism partnership will have that forum that allows those decisions to be taken by those who stand to benefit the most from the dollars that are expended in the tourism marketplace.

MRS. GORDON: Because these same councils have expressed concern regarding the proposed allocation of funds between Alberta, national, and international marketing programs and if indeed, Mr. Minister, the Alberta tourism partnership is to be industry driven, why wouldn't each tourism destination region be allowed to determine its own priorities and how it sees allocating marketing dollars?

THE SPEAKER: The hon. minister.

MR. SMITH: Thank you, Mr. Speaker. In fact it is a good question, because again, as I said, it's the key players in the industry, the operators, that have the most to gain from how Alberta is marketed to the rest of the world and how the great tourism benefits coupled with a very low Canadian dollar can be capitalized to maximize tourism into Alberta. The draft marketing plan that the partnership has prepared is to be discussed with the tourism industry so that these concerns over potential marketing programs can be addressed. That's why it's a partnership, and in fact the demonstration of the leverage between private-sector players and the partnership will determine where those dollars are optimally allocated.

MRS. GORDON: As some concern has also been expressed regarding the establishment of regional offices and the funds necessary for administration costs, will the minister please tell me how he will ensure that marketing dollars will be used more efficiently and effectively in the promotion of local tourist areas as well as the province as a whole?

MR. SMITH: Well, Mr. Speaker, that focuses directly on the business plan and directly on the reason why the partnership was

in fact formed. The ability for those who make their living off tourism to have maximum impact on the decision as to how marketing, advertising, and promotion dollars are spent will be reflected in the business plan and in the marketing plan of the corporation. Also important to that is that recognition that marketing, advertising, and promotion are the key ingredients that drive tourism revenues. In fact it is not administration. It is not government planning. It is in fact marketing, advertising, and promotion.

So what this partnership will represent, Mr. Speaker, is consensus from the industry in a forum in which that consensus can be arrived at, accountability, and in fact leverage. So although the opposition from their previous remarks have indicated that that is not an important consideration to them, the development . . .

THE SPEAKER: Order please. [interjection] Order please. Five minutes is generally the outside limit for any question. You have now gone six minutes on this.

The hon. Member for Edmonton-Glenora.

2:30

Eye Care

MR. SAPERS: Well, thank you, Mr. Speaker, and I want to thank the minister of Economic Development and Tourism as well.

The Minister of Health wants to change which professionals can do what in regard to eye care. Now, however, the minister has not only refused to listen to her appointed Eye Care Disciplines Advisory Committee; she's in fact criticized the committee and accused it of not being able to act in the public interest. Now, this is in spite of the minister's assertion – and I quote from *Hansard* March 1, 1995: "I think this expert committee, with an impartial chairman, is exactly the person to bring that advice to this minister and this government." Well, to the Minister of Health: why is it that the minister says one thing about the competency of this committee in the House during question period but says something entirely different to eye care professionals outside of the Assembly?

MRS. McCLELLAN: Well, Mr. Speaker, this truly is a day of recycling for the opposition. I don't know. They must be busy in their research department. We've had this issue. In fact, the hon. member tabled a letter that I wrote that had this allegation in it, but if you read the letter further, you found that there was little more to it than that.

The fact is that the minister is not trying to have professionals in the eye care professions do things they're not qualified to do. It is the minister's preference to continue to work with the ophthalmologists, the optometrists, and the opticians in this province to ensure that the people in this province have quality eye services delivered by the appropriate professionals. That is also the desire of those three professions, and I intend to continue that very positive working relationship with them.

THE SPEAKER: Supplemental question.

MR. SAPERS: Yes, Mr. Speaker. I'd like to table four copies of a letter from Mr. Keith Rolfe, who's the chairman of the Eye Care Disciplines Advisory Committee. Maybe the minister would like to explain to members of the Assembly how she will respond to Mr. Rolfe, the chairman of this committee, who is so concerned about what the minister is saying and doing that he wrote saying: "as a public member on that committee, I am appalled and extremely disappointed."

MRS. McCLELLAN: Mr. Speaker, I will respond to the individual in a very appropriate fashion, I can assure the hon. member.

THE SPEAKER: Final supplemental.

MR. SAPERS: Yeah. If the minister has no intention of listening to the expert committee, the people she said she will listen to, then why does the minister keep up the charade? Why don't you just disband the committee, do what it is that you want to do anyway, and just don't pay lip service to this committee?

MRS. McCLELLAN: Well, Mr. Speaker, one of the things the hon. member should understand is that my concern is for the people of this province and their ability to receive appropriate eye services from appropriate professionals, and I will continue to work with the professional organizations to ensure that that happens. However, the member knows that it's a recommendation in that committee's report that caused some further work in one particular area: whether there should be any TPAs administered by optometrists. We make far more headway in ensuring that people have quality health services in this province by working with the professionals to ensure that that occurs than by trying to stir up issues and problems where indeed frankly there aren't any.

THE SPEAKER: The hon. Member for Medicine Hat.

Advanced Education Enrollments

MR. RENNER: Thank you, Mr. Speaker. My questions today are for the Minister of Advanced Education and Career Development and are with respect to the enrollment corridor policy of his department. This enrollment corridor policy has provisions for financial penalties to educational institutions whose enrollments drop below a specified corridor. I would like to ask my first question to the minister. What is the rationale for a policy such as this to be instituted?

MR. ADY: Mr. Speaker, when we brought forward our three-year business plan, which called for a reduction of 11 percent, 7 percent, and 3 percent over the succeeding three years, it was important that we send a clear message to the postsecondary institutions that they should not just offset those reductions by reducing the number of students that they would take into their institutions. We needed to make it very clear that a high priority of this government was to maintain and if possible enhance access to our institutions as opposed to see it reduced because they had received a reduced amount of funding.

THE SPEAKER: Supplemental question.

MR. RENNER: Thank you. Can the minister advise if this policy has had the effect that it was designed for in the first place?

MR. ADY: Well, Mr. Speaker, the intent of the program indicated that if the largest six institutions went beyond a 2 percent reduction in access, they would receive a reduction in funding. The remainder of them, the smaller institutions, if they went beyond 5 percent, would receive a reduction in funding to the amount of about \$2,100 per student that they exceeded it. I should say that no penalties have been assessed at this point, and no funds have been removed from any of the institutions.

THE SPEAKER: Final supplemental.

MR. RENNER: Thank you, Mr. Speaker. Given that the Medicine Hat economy is currently experiencing a very buoyant upturn, a number of the students who would normally be attending Medicine Hat College are working. The board of Medicine Hat College is very concerned that they will not be able to meet those enrollment figures when they have no say in the matter, and it's not their fault. Can the minister advise what he is prepared to do for institutions that experience low enrollments when they have no impact on the results?

MR. ADY: Well, Mr. Speaker, the last thing that I would want to do is put some process in place that would reduce the amount of employment that is available in the Medicine Hat area or in any area in the province. In fact we do have an increase in employment in our province, and I believe that that is impacting the number of students who are attending postsecondary institutions. There seems to be a trend across Canada that is affecting the number of students who are endeavouring to enroll in our postsecondary institutions. Over the next few months I'll be monitoring what happens. When I can get firm numbers on the institutions, if there is a circumstance that equates to what the hon. member outlines, I'll reassess the policy.

THE SPEAKER: The time for question period has expired. Might the Assembly revert briefly to Introduction of Guests?

HON. MEMBERS: Agreed.

THE SPEAKER: Opposed?

The hon. Member for Highwood.

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

MR. TANNAS: Thank you, Mr. Speaker. I am delighted to introduce to you and through you to members of the Assembly 28 active and dedicated grade 8 students from Cayley school. They're accompanied this afternoon by their teacher Ms Bleackley and by parents Mrs. Wegener, Mrs. Carse, Mrs. Lundberg, and Mr. Getten. I would ask them to rise and receive the traditional warm welcome of this Assembly.

head: **Motions under Standing Order 40**

THE SPEAKER: The hon. Member for Edmonton-Meadowlark has an application to the Assembly under Standing Order 40.

International Workers' Day

Ms. Leibovici:

Be it resolved that the Assembly recognize May 1, 1995, as international workers' day.

MS LEIBOVICI: Thank you, Mr. Speaker. As required, I would like to address the urgency of this motion. Today is May 1, commonly known as May Day. Over 90 percent of this world's countries officially recognize and celebrate this day. May Day originated as a day to recognize those workers who died in labour demonstrations in Chicago in 1886 while marching for an eight-hour workday. It reminds us on an annual basis of the struggle working people have for fair labour laws, employment standards, and safe working environments.

As today is May Day, this is an ideal opportunity to recognize this day. I urge all members to recognize today, May Day, as international workers' day.

Thank you.

THE SPEAKER: The hon. Member for Edmonton-Meadowlark has asked leave to propose a motion under Standing Order 40. All those in favour of this application, please say aye.

SOME HON. MEMBERS: Aye

THE SPEAKER: Those opposed, please say no.

SOME HON. MEMBERS: No.

THE SPEAKER: There is no unanimous consent.

head: **Orders of the Day**

head: **Royal Assent**

2:40

MR. KLEIN: Mr. Speaker, His Honour the Honourable the Lieutenant Governor will now attend upon the Assembly.

[The Premier and the Sergeant-at-Arms left the Chamber to attend the Lieutenant Governor]

[The Mace was draped]

[The Sergeant-at-Arms knocked on the main doors of the Chamber three times. The Associate Sergeant-at-Arms opened the door, and the Sergeant-at-Arms entered]

SERGEANT-AT-ARMS: All rise, please. Mr. Speaker, His Honour the Lieutenant Governor awaits.

THE SPEAKER: Sergeant-at-Arms, admit His Honour the Lieutenant Governor.

[Preceded by the Sergeant-at-Arms, His Honour the Lieutenant Governor of Alberta, Gordon Towers, and the Premier entered the Chamber. His Honour took his place upon the throne]

HIS HONOUR: Please be seated.

THE SPEAKER: May it please Your Honour, the Legislative Assembly has, at its present sittings, passed certain Bills to which, and in the name of the Legislative Assembly, I respectfully request Your Honour's assent.

CLERK: Your Honour, the following are the titles of the Bills to which Your Honour's assent is prayed.

- 5 Public Health Amendment Act, 1995
- 15 Charitable Fund-Raising Act
- 17 Public Sector Pension Plans Amendment Act, 1995
- 18 Environmental Protection Statutes Repeal Act
- 22 Science and Research Authority Act
- 23 Treasury Statutes Amendment and Repeal Act, 1995
- 24 Hospitals Amendment Act, 1995
- 25 Teachers' Pension Plans Act
- 26 Energy Statutes Amendment Act, 1995

[The Lieutenant Governor indicated his assent]

CLERK: In Her Majesty's name His Honour the Honourable the Lieutenant Governor doth assent to these Bills.

SERGEANT-AT-ARMS: All rise, please.

[Preceded by the Sergeant-at-Arms, the Lieutenant Governor and the Premier left the Chamber]

THE SPEAKER: Please be seated.

[The Mace was uncovered]

head: **Private Bills**
head: **Second Reading**

Bill Pr. 1

Missionary Church Amalgamation Authorization Act

THE SPEAKER: The hon. Member for Cypress-Medicine Hat.

DR. L. TAYLOR: Thank you, Mr. Speaker. I move second reading of Bill Pr. 1, the Missionary Church Amalgamation Authorization Act, and would encourage all members to support this Bill.

MR. N. TAYLOR: Mr. Speaker, if I may. I'm just kind of puzzled why an amalgamation authorization Act was needed. I'm thinking back to the old Methodists and Presbyterians that went together for the United Church, and I don't think they needed the blessing of the Alberta Legislature. I was just wondering why an amalgamation of two Christian churches, which operate probably all around the world, not just Canada, would have to be amalgamated in Alberta of all places.

THE SPEAKER: The hon. Member for Medicine Hat.

MR. RENNER: Thank you, Mr. Speaker. The reason that this Bill is necessary is that we have two churches, one of which is incorporated under Alberta law. The other one is incorporated under federal law. It's really a matter of legalities here. The two churches that are incorporating need to bring their legislation together. What this Bill does is it basically gives permission of this Legislature for the federal government to pass similar legislation as a private Bill federally. So we're giving our concurrence for the federal government to bring federal legislation in place. Then the newly amalgamated church will fall under federal legislation.

[Motion carried; Bill Pr. 1 read a second time]

2:50

Bill Pr. 2

City of Edmonton Authorities Repeal Act

THE SPEAKER: The hon. Member for Edmonton-Beverly-Belmont.

MR. YANKOWSKY: Thank you, Mr. Speaker. I rise to move second reading of Bill Pr. 2, the City of Edmonton Authorities Repeal Act.

This Bill is just simply a housekeeping Bill. It repeals redundant legislation regarding authorities and allows them to be placed under a new authority.

I ask all members to please support this simple housekeeping Bill.

[Motion carried; Bill Pr. 2 read a second time]

Bill Pr. 3
Alberta Stock Exchange Amendment Act, 1995

THE SPEAKER: The hon. Member for Calgary-Egmont.

MR. HERARD: Thank you, Mr. Speaker. It's a pleasure to move second reading of Bill Pr. 3, Alberta Stock Exchange Amendment Act, 1995.

MR. N. TAYLOR: Just a short question here too. I can't quite understand why a stock exchange, which actually sells or supervises the exchange of assets, be they shares to the public, shouldn't be subject to being amended during debate in the Legislature under consumer and corporate affairs rather than a private Bill. Maybe he could explain just why they chose the private Bill route rather than amending consumer and corporate affairs.

THE SPEAKER: This will close debate. The hon. Member for Calgary-Egmont.

MR. HERARD: Yes. Thank you, Mr. Speaker. It's my understanding that both avenues were pursued. In other words, they in fact looked at bringing legislation in through government, through the Treasury Department, and also through Private Bills. It turned out that with the passage of time and the legislative agenda, it was expedient to bring it in through Private Bills.

[Motion carried; Bill Pr. 3 read a second time]

Bill Pr. 4
Galt Scholarship Fund Continuance Act

THE SPEAKER: The hon. Member for Lethbridge-West.

MR. DUNFORD: Thank you, Mr. Speaker. I move second reading of Bill Pr. 4, the Galt Scholarship Fund Continuance Act, and I would encourage all members to support it.

[Motion carried; Bill Pr. 4 read a second time]

Bill Pr. 5
First Canadian Casualty Insurance Corporation Amendment Act, 1995

THE SPEAKER: The hon. Member for Leduc.

MR. KIRKLAND: Thank you, Mr. Speaker. I move second reading of Bill Pr. 5, the First Canadian Casualty Insurance Corporation Amendment Act, 1995.

Mr. Speaker, I understand what this situation covered was one company buying a second company, the second company being undercapitalized. This extended the normal time frames to arrange capitalization. In consultation with Parliamentary Counsel and the insurance regulatory body, they saw no difficulty with this process.

MR. N. TAYLOR: Again in the process of just questioning why business arrangements are going through Private Bills. I understand this was first of all amended somehow or another because the first Canadian casualty company was going to take a gigantic

bite. The chairman changed something from what was originally put. Here again, why the normal procedure of introducing a Bill - maybe either the hon. Member for Leduc or the hon. chairman . . . I remember when I originally saw this. This has been changed a bit, hasn't it, from the original proposal? I was just wondering why the change in proposal, if it was as easy as the Member for Leduc says.

THE SPEAKER: The hon. Member for Medicine Hat.

MR. RENNER: Thank you, Mr. Speaker. This is an Alberta incorporated insurance company. Its distinction is clearly that this is a company as opposed to an agency, and companies require to be incorporated by Bills of the Legislature. The only logical way for that company to be incorporated is through a private Bill of the Legislature, the same type of incorporation as the Alberta Wheat Pool for example. In this particular case the company was incorporated a few years ago. The procedure is that the company would incorporate, would come to Private Bills. They would receive their charter. Then they would go out and they would capitalize the company to the point where they could apply to the insurance commission for a licence to conduct business. That didn't take place. In the meantime, new shareholders came in, bought the company, and they have then come back to amend that original charter, so to speak.

They asked for basically three things. They asked for a two-year extension to allow for financing. They asked for a change in name of the company, which had already been done through order in council. So it's basically putting into legislation what already was done by order in council. They also asked that the names of the directors, the original directors, be changed. That's the provision that the superintendent of insurance had difficulty with, because of provision for an inspection of the company when the directors changed. So under committee stage of the discussion of this Bill, the Private Bills Committee will be introducing amendments to address the concern of the superintendent of insurance, and I'll be pleased to discuss the amendment with the member at that time.

[Motion carried; Bill Pr. 5 read a second time]

Bill Pr. 8
Milk River and District Foundation Act

THE SPEAKER: The hon. Member for Taber-Warner.

MR. HIERATH: Thank you, Mr. Speaker. I move second reading of Bill Pr. 8, Milk River and District Foundation Act. I would encourage all members to support this Bill.

[Motion carried; Bill Pr. 8 read a second time]

head:

Government Motions
Heritage Savings Trust Fund

21. Moved by Mr. Dinning:

Be it resolved that the Legislative Assembly approve in general the report of the Alberta Heritage Savings Trust Fund Review Committee.

MR. DINNING: Mr. Speaker, this is an important debate in our Assembly. It comes about nearly two years after the Premier and a number of my colleagues and I had made a commitment that a

review of the heritage fund would take place and that we would carefully consider the role of the heritage fund in the future of this province. The heritage fund has had a proud history, having been created by the hon. Peter Lougheed and his government in the mid-1970s. It's something which Albertans are justifiably and justly proud of.

3:00

During that time some \$15.4 billion of income has been transferred from the heritage fund into the general revenue fund, during the period 1982 to 1994. The assets of the fund on the 31st of March 1994 stood in the order of \$11.9 billion. Those are the financial assets of the fund, and that does not include the \$3.4 billion that has been spent and invested in various projects, capital projects around the province including the Alberta heritage scholarship fund, including the likes of the Heritage Foundation for Medical Research endowment fund and a myriad of other important programs that touch the lives and, more importantly, enhance the lives of Albertans in that they have had a tremendous impact. I think of my own family being able to spend time in Kananaskis Country or in my very own backyard in the constituency of Calgary-Lougheed with Fish Creek provincial park. I couldn't imagine an Alberta without a heritage fund, without the 20 years of benefits that the heritage fund has provided to this province and more importantly to the people of this province. I couldn't imagine it, Mr. Speaker. I couldn't imagine what this province would look like today without the incredible benefits that it has provided.

Mr. Speaker, we did launch the review of the heritage fund back in December of 1994, when the hon. Premier appeared before the heritage fund committee of this House and announced at that time that a number of key individuals, members of the Assembly, would serve as the committee that would undertake the review of the fund. They were led and chaired, of course, by my eminent colleague the Member for Lethbridge-West and joined by the Member for Red Deer-South, the Member for Calgary-East, the Member for Lac La Biche-St. Paul, and we're glad to know that that hon. member has joined the government caucus. I'm sure only by coincidence they were also joined by the Member for Edmonton-Whitemud on this committee. I want to pay a tribute to all of those five members of this Assembly, who I believe did an admirable job in the face of a whole bunch of competing interests.

I can't say and I'm sure members of the committee would not say that they were overwhelmed by the tens of Albertans who attended all of those various gatherings around the province, but I must admit we were a bit surprised. I personally was surprised by the over 50,000 responses that we received following the release of the questionnaire that went to over a million homes in this province. A 5 percent return is something that is respectable, Mr. Speaker, in that business I'm told, and it clearly gave the government a message, gave the committee a message, and by putting that message in their report, members of the committee made it clear where Albertans stand.

Again I thank the members of the committee, especially the chairman of the committee, my colleague from Lethbridge-West, for the work that was done, the time that was put in, and for what I think probably was a pretty interesting experience, being presented with everything from new inventions to having a tour. I must tell all members, Mr. Speaker, that the members, after one of those important sessions in Fort McMurray, were able to get away and see one of the investments of the heritage fund, and that was the Syncrude project. I know that my colleague from

Lethbridge-West or perhaps the others who might address this motion may want to comment on that worthy investment that has returned benefits to all Albertans, especially the Fort McMurray area.

In summary, what the committee told us with their report was that Albertans made their views known loud and clear. They said: keep the heritage fund; it's important to us, but the status quo is simply not acceptable. What I can advise the Assembly today, Mr. Speaker, is that the government believes the report reflects the views of Albertans and the recommendations point to a number of issues that need to be addressed in order to bring the fund into the '90s and to make plans, appropriate plans, for the future. The first critical step, in our view, is to set a new direction to outline new objectives for the fund.

You know, when the fund was first created by Peter Lougheed and brought forward by way of legislation by the then Premier, its objectives were

1. to save for the future
2. to strengthen and diversify Alberta's economy [and]
3. to improve the quality of life in the province.

I believe, Mr. Speaker, as my comments indicated earlier, it has done that, not only in paying dividends and interest payments to the general revenue fund so that it could fund programs in health and social services and education and roads and agriculture and every other conceivable area of the provincial government, but it also provided benefits that I mentioned, including Fish Creek park and the medical research fund. But clearly what Albertans told the committee is that it is time for new objectives, objectives that match the reality of the province today and which will provide a framework for those who are charged with making investment decisions. I believe that what the committee heard was something along the line that it is more appropriate for the fund to focus on financial diversification using a number of different financial vehicles to maximize return on the fund's investments.

At the outset of the review members of government said that one of the guiding principles for the review was to set clear and measurable outcomes and an investment strategy, "a well defined investment strategy," to get those best possible outcomes. I believe the next step that's essential is to establish those clear and measurable outcomes, and only with those targets can an investment strategy that works, an investment strategy that makes sense for the heritage fund be developed which will go on to meet those targets.

In developing the new objectives and a new model for the fund, one of the critical issues will be to integrate a new business plan for the fund with the overall fiscal business plan of the province. Changes to the investment strategy of the fund will have an impact on the fund's income and assets and the province's plans for repaying the debt. Remember, Mr. Speaker, we made a commitment in the Balanced Budget and Debt Retirement Act, which has been passed by this Assembly, which His Honour has come and nodded his approval to, at his law. We've made a commitment to balance the budget for all time, forever, not once every other year, not just five times a decade or 50 times a century but every single year. So we made a commitment not only to balance the budget, but we've gone on further and said that \$350 million, average, annually must be used to pay down the debt.

Now, I know my colleague from across the floor said: that's too modest; it falls short of a stretch. Well, it is a commitment that no other government on this continent has in fact made. It may not be a sufficient stretch for the member across the way, but let's not discount it, and I don't hear him discounting it. It is something that we must do.

But in doing so, remember what the role of the heritage fund is. Remember, a billion dollars of income from the heritage fund comes into the general revenues of the province, comes into the consolidated financial picture of the province. If we were in some way to adjust the investment strategy such that there may be shorter term reduction in revenue but a longer term growth in the assets so as to sustain an objective that the heritage fund is a long-term oil and gas income replacement fund for the day when oil and gas is gone and not generating over \$3 billion of revenue to this province, there may be some short-term adjustments that we have to accept in the investment strategy of the fund, but that affects our ability to live with and abide by not just the spirit but the letter of the Balanced Budget and Debt Retirement Act. That we must do, Mr. Speaker, but clearly we must remember that as we design our policy and investment strategy and objectives and goals of the heritage fund for the 1990s and on into the next century.

Governance was a key point raised by Albertans in front of the review committee. Albertans want accountability, but they also see the need for external experts to play a more active role in making investment decisions. As one person, I gather, said to the committee: I didn't elect my MLA to be a banker. Mr. Speaker, I couldn't agree with that individual more. The issue is what kind of governance model can we put in place to ensure that MLAs aren't bankers but that there is accountability for a substantial amount of taxpayers' dollars.

3:10

I think here, where the committee's recommendation talks of the need to appoint an independent board of directors and a process for appointing those directors and having them provide "simple, factual and readable annual updates on the Fund's performance" – well, I won't deny, Mr. Speaker, the notion of an independent board of directors to oversee nearly \$12 billion in assets separate and apart from the government, separate and apart from the Provincial Treasurer, separate and apart perhaps even from this Legislature causes a certain degree of angst. While I can't reveal who it was, one of my colleagues in response to that informally said to me: well, what the devil did we elect MLAs for if we're going to give all this responsibility to somebody else?

The bottom line is that while that external arm's-length objective, independent responsibility, might rest with another group, the person who will have to stand in this Legislature and take the javelins from across the way, including my galvanizing friend from Fort McMurray – they're going to put my fanny on the line and make the Provincial Treasurer, make the Premier, make my colleagues fully accountable for what goes on with regards to the administration and management of the Alberta heritage savings trust fund. So there's got to be a balance, and I fear that I may have galvanized Fort McMurray to rise from his seat after I speak and address the very issue that I've raised here.

Clearly, the need for separation of politicians and politics from the investment, the investment strategy, and the management of the fund is something that concerns Albertans. They said – and I think the Member for Lethbridge-West may want to comment on this – you know, we're not all that keen about investing in pulp mill projects or in grain terminals or in upgraders or in plants such as a heavy oil sands plant. Therein lies the balance that we've got to strike, that Albertans have confidence in what and how the heritage fund is managed.

So clearly we have our work cut out for us in determining the nature of the governance and the accountability back to this Legislature and more importantly to the people of Alberta directly

of how the heritage fund should be governed, Mr. Speaker. That brings me to the point about Albertans wanting more information, simpler information about the fund. They want it on a regular basis, and they want to feel more involved in the direction of the fund.

So whatever action is taken to redesign it, we have to make sure that Albertans understand what we're doing with their money. This is not the government's money. This is not the Legislature's money. This money belongs to 2.75 million Albertans, and they want to know how it's being managed through regular, simple, and accessible information about the fund. It's not simply good enough to do a review of the fund once every 20 years, and I'm sure that some of my colleagues may even be around 20 years from now when they may call for and advocate for another review of the heritage fund.

The committee report contains a number of interesting suggestions for the future, but what's needed now, Mr. Speaker, and what we will do is go about working with my colleagues in the Treasury Department, within cabinet, and among my caucus colleagues on a plan and a proposal for implementing some of the good ideas that Albertans have brought to the committee. We'll be keeping the fund, clearly, but we'll be making some essential changes that Albertans have suggested.

We can't go from the current approach to a new direction for the fund overnight. There are a number of issues that have got to be addressed. I've mentioned some of them, but just a laundry list. What should the objectives of the fund be? How should the fund's assets be related to our debt repayment plan and debt servicing cost? If we decide to start building up the assets in the fund as it is suggested, how do we replace anywhere up to a billion dollars a year that are now going into general revenues to support those important priority programs? What we need and what we will get is a transition plan to get us from here to there and to set new objectives with the new management and governance structure.

Based on this report that my colleagues have brought to us, the government will begin the process of developing objectives, setting out the new model, and building the transition plan. Then in the fall session I hope that we will be able to bring back necessary amendments to the legislation so that Albertans will have the opportunity to review the direction and provide their feedback.

I close, Mr. Speaker, by saying remember what we're talking about here. We're talking about the Alberta heritage savings trust fund. Now, I'm not going to make this a partisan debate, but I'm ever so pleased that the Liberal member of the committee – and I hope all members of the Liberal caucus – has seen the light, has seen what Albertans want, and that is that they want to keep the fund, because we are talking about the heritage of this province. We're talking about a savings account. We're talking about trust. I'm glad the Premier was the one who said – and I back him up one hundred percent – that I'm not going to be the Premier who throws away the heritage fund that has taken so long to build up and that is there for future generations to enjoy.

I think the committee has come back with some excellent recommendations, good food for thought that is going to give us the direction and help we need to get on with the next phase, the next history of the heritage fund. I certainly enjoin all members of the Assembly to support this important resolution brought forward by the government today.

Thank you, Mr. Speaker.

THE SPEAKER: The hon. Member for Edmonton-Whitemud.

DR. PERCY: Thank you, Mr. Speaker. I rise to speak to Motion 21 and certainly in support of the motion. As a member of the committee I was certainly struck by the magnitude of the response to the brochure that was circulated, notwithstanding the role that Canada Post played in its distribution. Who knows how much higher the response rate would have been had it been fully delivered? But the number of 5 percent return I think is exceptional.

In terms of drawing lessons, I know as a member one of the problems and virtues was that many people did make comments. I know each member of the committee took a random selection of a hundred or so of the responses, and you got a feeling that some people just ticked off the yes, keep it, and do nothing now. There really wasn't the breadth in there for the many variations that you were able to pick up at the hearings, and certainly I think the combination of both the brochure responses and the hearings was ideal. It gave committee members the opportunity to determine what people meant by keep the status quo. Often when you talked to them about the status quo, it was clear that they didn't really like it as it was. They didn't want it set in stone, and they were looking for some form of structural change.

I was pleased in a sense by the way the process was handled, the combination of both the brochures and the meetings themselves. It gave one an opportunity to assess what Albertans wanted in this process. I think when 53,000 respond to a brochure, you're getting a pretty clear signal and you have to respond to it.

In terms of the debate – and the hon. Provincial Treasurer alluded to it at the end, why this process of review began – I think it is worthy to note that the Alberta Liberal Party was instrumental in helping to initiate the debate, though we weren't alone in it. Before I get into discussing the recommendations themselves, I would just like to note that we were not alone in suggesting that there should be some review of what the promise, what the potential, what the use of the fund was to be. I know, for example, that the Institute of Chartered Accountants of Alberta in February of '94 said they believe

the Heritage Fund provides Albertans with a false sense of security about the debt. Alberta must address the Heritage Fund's role in the province's fiscal future . . . [They] believe such a review would show an orderly liquidation of the Fund, applying the proceeds to pay down the accumulated provincial debt, is the best longer term course of action.

There are a number of views out there from very worthy groups, the Fraser Institute for example. Even the Auditor General in the 1992-93 annual report said that "I believe . . . an analysis of the costs and benefits of the Province maintaining both investments and debt" has to be undertaken.

I think with these views of how you have a set of financial assets on this hand in the fund itself, then you have a debt on this hand, and how you manage both of them, it's important that that be undertaken. I think that's an issue that has to be dealt with when one discusses what the objectives of the fund are. I believe it's worthy of debate, whether or not you do assess whether it makes economic sense to in some instances buy down some of the debt. Sometimes clearly it won't. It just depends on what you're earning on your assets compared to the cost of servicing the debt.

3:20

The message that came through very loud and clear, Mr. Speaker, was that Albertans wanted to maintain and retain the fund. The message came through. Individuals would talk in terms of a contingency fund or a savings account, a rainy day fund. Even those individuals that talked about using the assets to

pay down the debt often said: keep a portion of the fund in place. So even those that wanted an orderly liquidation, if you talked to them in some detail, said: well, we do want some portion of the fund retained. So I think it goes without saying that Albertans want the heritage savings trust fund retained, but there are differing views as to how it should be employed in the best interests of the province.

I'll look at the recommendations of the report and just go through the 10 of them. "The government should appoint an independent board of directors." That is one of the recommendations. I think that makes eminent sense, because we've just seen legislation introduced today on Treasury Board governance where we're going to have an independent board for the Treasury Branches selected by an arm's-length process. I think that when you have an independent board of directors, that provides a buffering between politicians and the management of the fund, just as there is a buffering between politicians and the governance and management of the Treasury Branches. I think that brings a degree of security to Albertans that the fund is being managed in a way that's consistent with what's good for all Albertans, as opposed to what might be good for a particular party in power at a particular point in time.

Another recommendation, the second, was that "the government should define a process for appointing an independent management board for the Fund." Again I note that today the hon. Provincial Treasurer, in terms of the Treasury Branches, has set up a board to appoint an independent board to manage the Treasury Branches. Again, I think the model that's being adopted for the Treasury Branches actually seems to be a very sensible model. Just from the preliminary scan I've had of that legislation, I think it's a good step in terms of governance of the Treasury Branches, and I think it's a very good example that should be employed with regards to the heritage savings trust fund. I think there's a nice symmetry between what's being undertaken there and the recommendations that we see for changes to the structure and organization of the heritage savings trust fund.

The third recommendation is that "goals [should be set] for the Fund and guidelines under which the board of directors will operate." I think this is important, because many individuals said that the heritage savings trust fund was set up in the '70s when it looked like oil prices would continue to rise and that there was no limit to the role that government should play. I think the '80s and '90s have demonstrated to Albertans that the role the government should play is very limited indeed and that the path of oil prices is capricious and arbitrary at best. I think, then, that this requires another set of objectives to be defined for the heritage savings trust fund and a set of objectives that's really consistent with a smaller role for government. I think the set of objectives should be defined in terms of Albertans' sense that this is a contingency fund or a rainy day fund and is also a way of ensuring intergenerational equity. If we pump oil out of the ground today, it's lost forever if we spend and consume it, but if we save a portion of it, that interest income is available for subsequent generations, whether it's in terms of to finance their education, to finance their health care. So I think those objectives should be defined more precisely.

The fourth recommendation is that "the board of directors [should] provide simple, factual and readable updates on the Fund's performance." I think again this goes without saying. The more transparent you make an entity, the easier it is for Albertans to say either that they like the performance or they don't like it. You shouldn't need a BA, MA, or PhD in economics to be able to understand a particular government document.

I think a number of Albertans I spoke to did find the annual report of the fund not very user friendly in terms of what the role of the fund was and why it was in place and how its investments had been undertaken.

Another recommendation was "a requirement that the board of directors develop three-year business plans." I think this is eminently sensible, and I think it doesn't require much debate that if this is going to be run on a more commercial basis and arm's length from the political process, you want business plans in place by which you can evaluate the performance of the fund's managers. You want benchmarks to assess performance, and that is subsumed in recommendation 8, that you want to evaluate "the board on the basis of the Fund's financial performance."

Again, this brings us to a number of other issues related to management, one of which I think was a real thirst by Albertans to have much greater private-sector participation in the management of the fund. I think Albertans think we have the financial managers in this province that can help ensure that the fund earns a consistently high rate of return. Then part of the purpose of having a heritage savings trust fund is to ensure that there are some tangible spin-offs within the province, and the more developed is our financial infrastructure, the greater is its talent in terms of investing funds. The greater the business that can be generated by investing those funds within the province, the better it is. So I think greater private-sector participation makes a lot of sense, and it provides a valuable benchmark to assess government participation in the management of the fund as well. So again in terms of how you do it, it's certainly going to be subject to debate in the House. But should we do it? I think the answer has to be yes; there must be greater private-sector participation in the fund.

Now, recommendation 10, "maximize the Fund's income in the context of the objectives of the Fund," is a tough one, Mr. Speaker, because you certainly don't want the managers of the fund, whether the public or private managers, investing in derivatives. You may be lucky one day, but as we've certainly seen, you have a little run of bad luck and there goes a billion dollars and the fund down the tubes.

So you have to have some mechanism, and you have to have some criteria. What are acceptable investments? Should we be investing in financial assets abroad? Should we be investing in the United States, Europe, the Asian financial markets? I would think that if you have capable investment managers, there should be no fences on the managers of that fund. They should invest subject to the criteria or the objectives that have been chosen. I would think that given globalization and harmonization, there should be no fences that constrain where investments are undertaken, but that of course depends in part on what the objectives of the fund are. I would think it is to ensure a consistently secure return, and the purpose of the fund then is to ensure intergenerational equity. It's the rainy day fund.

As we know now, how the fund is managed is a very passive form of management. It's basically that the structure of the portfolio replicates the Toronto Stock Exchange top 30, and you have, then, a structure and the fund's investment that are similar. So you mimic what the market as a whole does, and that may be very, very prudent, but does it ensure the highest return subject to the objectives set for the fund? I'm not sure. I think that is an issue that ought to be debated vigorously in the House: what are the rules that you give to the fund's managers? That in part depends on what the objectives that you set for the fund are.

Another recommendation, 11, was "to deal with non-performing portfolios in the context of the government's debt management strategy." I think here the context is that if you have something

that's presently in the fund that is nonperforming, liquidate it, use those assets, and apply it to the debt.

THE SPEAKER: The Minister of Transportation and Utilities is rising on a point of order.

Point of Order Questioning a Member

DR. WEST: *Beauchesne* 482. Would the hon. member entertain a question in debate, please?

DR. PERCY: Well, certainly, because I'll certainly be doing the same to the hon. minister, consistently.

Debate Continued

DR. WEST: Well, you know, I hear by this debate his impression of how this independent board should run the heritage fund, given a certain parameter. So is he of the same opinion as it relates to Vencap Equities and how they operate that \$200 million that was put in there from the heritage fund?

DR. PERCY: Well, this issue has come up with great frequency in the meetings of the all-party standing committee on the heritage savings trust fund. I think some of us are of the opinion that the fund should be liquidated, that it should be bought out, and that Vencap should go on its way, subject to that the management should remain within the province and should be housed within the province, but once that obligation is free and clear, the fences on Vencap's activity should be removed. It's very clear, Mr. Speaker, if you look at where Vencap is investing – and we in fact tabled this information in the House about a month ago, and I'll ensure that the hon. minister gets it. Of the 67 venture capital investments that were undertaken by funds in Canada, the five that were listed by Vencap were in Quebec, Arizona, California, Texas, and I think it was in Oregon. Not a single investment was made in Alberta by Vencap. The argument they make is that they hope the benefits that spin off will accrue to Alberta, if there are spin-offs, to the Alberta economy. My view is that we should allow Vencap to pay the net present value of its loan, sever its relationship with the heritage savings trust fund, and operate as an arm's-length investment entity. So that's my response to the minister's question.

3:30

In terms of recommendation 11, dealing with the "non-performing portfolios in the context of the government's debt management strategy," there was some discussion among members of the committee about that. I think there was a compromise that there are some elements of the fund that could be used immediately for debt liquidation, and that would be those that were nonperforming. But the others? Well, that would be up to the board; it would be up to how the goals for the management of the fund are set. I certainly know that one of the reasons that I pushed for a greater private-sector role in the management of the fund is that I thought private-sector managers would be very aware of the linkages between our debt management strategy and our financial asset management strategy. They would look at what was in the best interests of the province in terms of both strategies. On some occasions they might in fact use some of the assets to buy down debt as it matures, if they were going to operate it as a commercial entity looking at maximizing the benefits for Albertans.

Another recommendation that came up was maintenance of the fund at its 1995 level. This certainly wasn't unanimous in terms

of individuals who spoke to the committee, but some thought that the real value of the fund should be maintained. If it was a heritage fund, one wanted to maintain at least the real value of the fund in 1995 dollars, but there were certainly conflicting views as to how you would do that. Would that mean the interest income that presently went into general revenues would stay within the fund? Did it mean that for a portion of the resource revenues that presently go into the general revenue fund, instead a share would go into the heritage savings trust fund? The issue that arose when you spoke to Albertans about this is that they realized that if you adopted recommendation 12, "maintaining the Fund at its 1995 level," it meant, then, that taxes somewhere else had to increase to offset the loss of either resource revenues or the loss of interest income or meant further cuts. It certainly was my impression that while Albertans were prepared to live with the level of expenditures in '97-98 that was set out in the business plans, they did not want to go much beyond that level in terms of reductions. So it was a real issue. If you achieve this particular objective, "maintaining the Fund at its 1995 value," how would you accomplish it?

I didn't really sense a consensus on that from the individuals that I spoke with, but as I listened to Albertans, it struck me that there is an emotional attachment by Albertans to the existence of the fund. It transcends the dollars and cents of the fund. Once you take that into account, it's very clear that it has to remain in place, but certainly there was no ringing endorsement for the status quo.

Now, one issue that does come up – and it's certainly a change in the status of how the fund can be used as a rainy day fund – relates to Bill 6. It's very clear that when you look at the debt management plan and balanced budget requirements of Bill 6, it effectively precludes you from using the heritage savings trust fund as a rainy day fund. My impression is that when it's a rainy day and you're running large deficits, you may in fact at one point or another want to use, if you think it's only a temporary shot, some of the assets of the fund. But it's clear – and this has been debated in the House – that that is not an option. When it's really raining out, the heritage savings trust fund cannot be used in any way to accommodate revenue shortfalls or expenditure overruns. It's precluded from doing that. [interjection] Again the hon. Minister of Transportation and Utilities is feeling I guess vigorous today. But he'll be up in debate shortly, and he'll be standing and receiving questions.

The issue there again is that if you have a revenue shortfall in a particular year and it means you're going to have to impose even larger cuts than have been set out in the business plans, if you have in fact made binding commitments to regional health authorities, to school boards, to universities, and in the second and third quarter you suddenly find you're going to have a shortfall and you impose those cuts in the fourth quarter, you cannot have a planned reduction. It all is crammed into a period in which there is really very little flexibility on the part of local authorities because they've locked themselves into their commitments. So the concern that we had raised on this side of the House was to allow a little phase in. We had never said: don't cut. But what we did say is: plan your cuts. There's a great difference between unplanned cuts and planned cuts. I guess we have a bit of a concern that there's now not the flexibility to deal with those types of extraordinary shocks that happened in '86, for example, or in '82.

I look at MagCan and I look at NovAtel and I look at Gainers, and I see the management strategy of the Treasurer and of the Conservative caucus there. And I see the \$100 million loan

guarantee, Mr. Speaker, for Bovar, just eight days after the provincial election, after they claimed that they were getting out of the business of being in business. So I think the bottom line is that while they've read a lot of history, they've learned very little from it. Very, very little.

This is the issue I wanted to bring up. If you have a rainy day fund – and this is what many Albertans said, that the heritage savings trust fund is a rainy day fund – well, what does that mean? What does rainy day fund mean if not that at some point you use it to buffer? This is one of the issues that has to be addressed in the House. If you say something is a rainy day fund or a contingency fund, how do you use it as a rainy day fund or a contingency fund when you can't touch it when you need it, but you can use it and touch it when you don't need it? There's a bit of a paradox there that has to be addressed in a reasonable, nonpartisan, and unemotionally charged atmosphere, because there are real revenue shocks that hit this province. The question is: how do you want those revenue shocks transmitted? Right now they're buffered by the provincial government.

Mr. Speaker, I will close, but I will say again that I support without reservation the recommendations of the all-party committee on the heritage savings trust fund.

THE SPEAKER: The hon. Member for Lethbridge-West.

MR. DUNFORD: Thank you, Mr. Speaker. [some applause] Thank you. I'm afraid that this is one of these times when the chair is going to be provided with perhaps . . .

MR. DINNING: A blinding glimpse of the obvious?

MR. DUNFORD: No. He's going to be given more credit than what he deserves, and I guess that's because the thing has worked out so well.

I do want to say that certainly I was very proud to act as the chairman in order to bring forward this report after hearing from so many Albertans. For any of the members that have the report in front of them in the House today, I would like them to make note of the cover page; that is, when we sent our letter to the Premier regarding the submission of this report, it was very, very important to those of us who had worked on this so hard that the signatures be from all the members. This in fact was an all-party committee. People will recall in the Legislature that at the time the Member for Lac La Biche-St. Paul was sitting as an independent. Certainly the Member for Edmonton-Whitemud, who has just previously spoken, has been the advocate on financial matters as far as the Liberal caucus was concerned. So when it came time to put together this committee, I was extremely pleased, then, with the Premier's selections.

3:40

There was more to this activity of course, Mr. Speaker, than the five of us that were acting as the elected representatives. I would like to acknowledge some of them, if I can. It's very important to me that I get them on the record. First of all, of course, to thank the Provincial Treasurer for all the assistance, not only in terms of manpower but also in terms of budget, because this was an activity that had costs attached to it and a budget had been put forward. I'd like to talk about that briefly in a couple of minutes but again to thank the Provincial Treasurer for that assistance.

Now, some of the assistance that was provided in terms of manpower. Susan Williams was a technical advisor with us. I want to say to all the members of the Assembly that this person

was extremely knowledgeable of the heritage savings trust fund, and I want to congratulate her because she was also very, very adept in some extremely stressful situations at public hearings and she handled herself very well. Trish Filevich from the communications department was there as the person that guided us through the actual hearings, made sure that the particular needs that any of the members had were looked after.

As the chairman responsible for running these particular hearings I was extremely pleased in the sense that I did not notice any particular flaws in our system. A young woman by the name of Maureen Geres from our research caucus was able to assist me in preparing for comments that I would be making either publicly or, certainly, making today. Helen Wilson is a staff person. I now affectionately refer to her as "trail boss." She was really the person who single-handedly went throughout the province and was able to talk to many institutionalized people, if I can use that phrase, to make sure that we had a proper facility and one in which we could get these hearings done.

It was very important to me – and I believe I'm speaking for the rest of the members of the committee – that if we were to go to the public and hold these hearings, we did not want to be in fancy hotels. This was not to be a fancy run around the old province by a number of MLAs. We tried to keep the process very professional, very straightforward, and also we tried to keep it as inexpensive as we possibly could, so we used public institutions throughout the province, Mr. Speaker, as we went around.

Then, of course, last I want to mention Gord Rosko, again from communications with the Treasury, and all the assistance that he's been in terms of the preparation of printed material and press releases.

I mentioned the budget. I just want to quickly indicate that I owe an apology, I believe, to the Members of the Legislative Assembly and to the people of Alberta: my committee went over budget. I was adamant when this thing first started, when we were provided with \$250,000, Mr. Speaker, that we would live within that particular budget. We had it all sorted out. I think we had something like a \$10,000 limit for our tour, and I believe numbers will show that we lived within that. However, the thing that blew us out of the water, unfortunately, was the printing of the brochure that's been talked about.

MR. DINNING: It's my fault.

MR. DUNFORD: No. I'm accepting the blame, sir. I'm merely wanting to explain it.

Where I'm trying to get to with this, Mr. Speaker, is that I want to be in line and consistent with the Member for Edmonton-Whitemud in my comments about Canada Post, and I need to get a bit of background in there before I can get to that. The deal that blew our budget was the printing and the distribution of the booklet or pamphlet to a million homes, and a large part of that was the contract we had with Canada Post to make sure that they'd deliver every one of those. I think it's safe to say, although we'd have to check the actual records of the meetings, that in all eight communities we had people come forward to us indicating that they would have liked to have participated in the situation, but they did not have the material. Of course, I think I was quite direct with them by indicating to them that they then had a responsibility to go immediately to their local Canada Post outlet and lodge a complaint. In fact, we had anecdotal evidence from a woman who lives north of Edmonton that bundles of our brochures were found in dumpsters with the little yellow tags still

attached. I really hope that that woman would have gone to Canada Post with that.

I had a couple of more important notes, but I'm just having difficulty reading my writing. Oh, there we are. We're not to place all of the blame, however, on Canada Post, because clearly we also had evidence that some of these brochures had been delivered, at least to the post office and to the post office box and to the homes, but unfortunately – and I guess we all learn something in the process. If I ever have to do it again, I will make sure that on the front of our little pamphlet is something that will indicate that it's the Alberta heritage savings trust fund. Quite frankly, Mr. Speaker, what obviously happened is that people would get their mail, and they'd go through it looking at all these flyers. They'd get down to this document that says, "Can we interest you in an \$11 billion decision?" and they'd say, "Oh, this is Ed McMahon and the Publishers Clearing House offering us another deal," and fire it. It went in the same place that the earlier pamphlets had. So we learned a number of things on our little sojourn, and that was one of them.

I am trying to indicate in my preliminary remarks here that my involvement was simply as one of a number of people that put together what I believe is an excellent report that should be and of course will be debated. I have to make a small confession however, Mr. Speaker, and that is the fact that I was extremely pleased that the results of the activity were so overwhelming.

I have to admit that when the Premier first asked me if I would be willing to chair this session, while of course I said yes and was very proud to do it, there was a little part of me that felt that this was going to be one of those situations where we're going to end up with a 50-50 split in Alberta. In my informal little surveys just previous to that – not because I was chairing a review committee but simply because I am the chairman of the standing committee of the heritage savings trust fund, I of course had an interest. I was talking to people, and it seemed in my mind that it was running about 50-50 as to what should be done with the fund. I recognized that we might be in a situation where no matter what we did, half of the population would be upset with us. However, with the actual results that we have in front of us, we can see that now every member of our committee can sleep at night because we have not had to make any inferences as to what Albertans were telling us. Albertans want us to keep the fund.

3:50

Now, the objectives of the fund have been discussed already this afternoon by both the Premier and the Member for Edmonton-Whitemud, and I only want to, I guess, reaffirm the comments that it is essential, in my mind, that in this debate we look at those objectives of the fund because everything else will of course flow from that. So we look forward to that particular debate. Having chaired that committee, I still feel the responsibility of that particular role, and I'm a little hesitant to get involved in the actual debate as the representative for Lethbridge-West. I think that most of my comments throughout the remaining debate on this issue will be trying to continue in my role as the chairman.

There's no question that difficult decisions had to be made in the province, and it in fact of course is the rationale for many of us getting into politics in 1993. I guess this is just another one of them, as to how we're going to deal with the heritage fund. Mr. Speaker, I can just say that the review has been an extremely timely situation. I'm not without a certain sensitivity to the fact that the Liberal caucus, certainly when the Premier was in front of us as a standing committee on the heritage savings trust fund and the issue did come up as to what should be done, stated their

particular position. The Premier promised a review. That review has been done, and we're now here debating the results of that review. I'm extremely proud that we've been able to accommodate that and to have a situation where the Premier is good to his word.

I just wanted to provide some anecdotal information to the members of the Legislature as we went around to our hearings. There was no question that the hearings were poorly attended. We were concerned about this and were wondering just how we were to deal with this particular situation, but I don't think we ever felt that we were going to interrupt or revise the procedure. We had a plan for how we were going to get the information from Albertans, and we carried through with that particular plan. Now, I know that some of the members became a little nervous about some of the presentations. For example, when my sister-in-law showed up to make a presentation in Grande Prairie, I'm not sure that all members understood that I had no part in her coming forward. I'm not sure that members understood that I had no part in making sure that very few people came out at Fort McMurray in order that we could go on just a tremendous tour of the Syncrude project.

If there's a highlight in terms of the review process that is not related directly to input on the heritage savings trust fund, the highlight for me was standing in the cab of a dragline with a gentleman from Newfoundland who was doing some different things on a computer. We were able to look down some 90 metres to see a big bucket come up and end up depositing all of this rich resource in a windrow. It was just a fantastic experience. It's just absolutely amazing sometimes when you start a day and you're not sure just what's going to happen to you, and all of sudden something magical happens. That was a magical point, at least for me, in that particular situation.

I have been advising members of the committee: don't be concerned about what you're going to hear in Edmonton and Calgary because, you know, these are large urban areas, massive communications, and that sort of thing, but be prepared when we get to southern Alberta because you're likely to hear something different. I'm glad to report, Mr. Speaker, that when we arrived in Lethbridge, we heard different ideas, different concepts of what we should do, not only from the first speaker but also from the second speaker and from the third speaker. As a member from that particular area – and hopefully the Member for Lethbridge-East will be speaking in this debate – I just want to say how proud I was and I think he should be on behalf of Lethbridgites being able to come out and speak their minds.

The report is filed. We're into debate, and we must make sure, Mr. Speaker, that the principles that the report's recommendations are based on are clear in people's minds. And I want to just for the record make sure that we go over them once again.

The first principle is: "The Fund should be retained, but not at the status quo." Secondly, "The management of the Fund should be at arm's length from the political process." I understand that there is going to be some difficulty, and there'll have to be good public debate on that situation, as to how we achieve that particular principle. Three, "Private sector investment managers should be involved in investment decision making, along with Alberta Treasury staff." Now, that's all we can really say about it. We did not make any recommendations as to a model, as to how that would happen, but we want that considered. Four, "The Fund should be more transparent; the Fund's managers should be more directly accountable to the people of Alberta." That's simply in keeping with the '90s. Five, "The

role of government is to set objectives for the Fund." I believe that is how we answer the folks back home in the sense that by setting the objectives for the fund we can then stand back and allow the fund to start working and meeting those particular objectives.

I just want to make a note because I'm not sure how much time I have left.

THE SPEAKER: Two minutes.

MR. DUNFORD: Two minutes? Okay. In helping members with the debate, I want to conclude then by having you recognize that there are some code words in the recommendations, and I would point these out to you. In the recommendation where we use the phrase "should," we feel that we clearly heard that on the part of Albertans, and when we used the phrase "should debate," we believe that there was a strong indication from Albertans that that was the proper way to go. But I have to admit to you – and I believe the committee discussed this at proper length – that there is an interpretation that we are making on the part of a lot of those questionnaires that came back. The Member for Edmonton-Whitemud was exactly correct. In the hundred envelopes that I opened, many times there were just ticks with no comments on the questionnaire that was returned. Also in many cases, though, there was prose added.

So I want people to participate freely, and hopefully we'll arrive at a proper conclusion.

THE SPEAKER: The hon. Member for West Yellowhead.

MR. VAN BINSBERGEN: Thank you, Mr. Speaker. I would just like to say a few words on this particular motion to approve the report of the Alberta heritage savings trust fund review committee. I think it's a good report. I wonder, however, why it is a motion that the Treasurer is using here. It kind of seems to be a little tentative. Why not some robust Bill that really clearly commits the government to legislative action? I would have preferred to have seen that, but I'll vote for the motion nevertheless, whatever its exact meaning is going to be, because it's clearly a reflection of the wishes of the people of Alberta as contained in the report. This may well be a first, that the government is actually seemingly going to adopt the wishes as expressed by Albertans lock, stock, and barrel. I'm saying "seemingly" because it's only a motion. It's not yet a Bill. Certainly that is a laudable goal.

4:00

There are a couple of parts that I find particularly good in this report, and one is the item that the operation and the management must be removed from the political arena. I think that should be more transparent. All that makes eminent sense to me, and I'm glad to see that Albertans said so in whatever numbers they were and that it was picked up by the committee. I wonder, though, what happened to the Fraser Institute's recommendation in the January midterm report where they said that it should be liquidated in order to pay down partially the debt. I'm wondering about that because this government is always so slavishly adhering to the gospel of St. Fraser that I thought this is kind of a noticeable lack here.

I'd like to say, Mr. Speaker, that last Friday I happened to visit as a guest lecturer a grade 12 class in my constituency, and the topic of conversation, the topic of study was the degree of interference by the government in the economy of the province. They wanted to know my thoughts. Well, I had lots of thoughts on that, but of course I asked them what they thought because

they were supposed to study the matter. They thought the heritage trust fund really was an action that indicated extreme interference in the economy of the province. I said: yes, it was. They asked me: now, how could a Conservative government have introduced such a trust fund? I said: well, of course this goes back to the late '70s when the then Conservative government was perhaps more progressive than it has since become. They asked me to explain all of this to them.

Now, picture this, Mr. Speaker: what an eminent opportunity here to take a few potshots at the government. But I must admit that I resisted the temptation, and I tried to explain the situation as I thought it was. They said: how could, for instance, the present minister of transportation and the present Treasurer then have adopted such interference in the economy, and now they are more or less trying to get out of this sort of action? I said: well, perhaps their views have changed over the years. Perhaps the best one can say is that their views are not as rigid as they appear to be at times. One might even give them credit for showing a certain amount of flexibility. Nevertheless, I tried to defend them as best I could, and I think I succeeded in creating amongst them a reasonably high impression of the abilities of these people.

Now, finally, I'd like to point out that this committee, I think, has been very successful certainly to a large extent due to the qualities of the chairman. But I would also like to point out that this is one of these few committees that have been struck by the government that included two members of the opposition when it started and – look where it got you – one only at the end. I think perhaps the government should take note of this, that including members of the opposition may have some very unforeseen positive effects. Who knows? I think it is a good move, and it clearly gets the government more in line with other governments of Canada who regularly include the presence of members of the opposition on their committees. I think it would do well for this government to follow it lock, stock, and barrel, and the resulting conclusions, I think, would be the benefit of a far more welcoming reception on this side of the aisle.

Thank you very much, Mr. Speaker. That's all.

THE SPEAKER: The hon. Member for Red Deer-South.

MR. DOERKSEN: Thank you, Mr. Speaker. The hon. Member for West Yellowhead was just commenting about if we involve members from the Official Opposition on more committees, we might be able to attract more over to this side. Well, I want to say here that we don't have room for all of those members on this side, which is a reason why we can't include them on all the committees.

[The Deputy Speaker in the Chair]

Mr. Speaker, I want to just affirm my support for the resolution as presented to us this afternoon, which is:

Be it resolved that the Legislative Assembly approve in general the Report of the Alberta Heritage Savings Trust Fund Review Committee.

As a member of that committee I want to say that I appreciated having the opportunity to be part of it and to bring forward these recommendations to this Assembly.

I want to, before I get into the recommendations, just reaffirm the value of the heritage savings trust fund as it has been to date. We quite often talk about the investments that were spent from the heritage savings trust fund under the capital projects division, projects that we now can no longer liquidate and recover the value

of but which certainly meet the objective as was set out when the fund was originally established. Objective 3 said, "to improve the quality of life in Alberta." I refer to a number of those just for illustration. The Alberta heritage scholarship fund, the endowment that was generated from that continues to be a great investment, a great tool for investing in the lives of Albertans, in the lives of students in Alberta. I refer also to the Alberta Heritage Foundation for Medical Research, the \$300 million endowment fund that was invested in that particular project.

Then, also, the urban park development, which has done a lot to better the quality of life of Albertans. In our own Red Deer the Waskasoo park development is a superb example of that. It's a park and a trail system which I enjoy frequently as I'm riding my bike down the trails or going for a walk or a picnic in the various areas, a tremendous value. I discovered, as I went back to visit my home town where I was just a young lad, in Linden down in the Three Hills-Acme area a place I used to frequent as a boy, where I would hike and . . . [interjections] It's a great town, Mr. Speaker, and many members of the House are affirming that today.

As I went back to rediscover my roots, I noticed that there had been some money expended on a park development in that city, which only improved its value as well. So the heritage fund has been used for many wonderful things. It has improved a lot the quality of life of Albertans.

That brings me to the recommendations that are presented before us. Recommendation 1 says, "The government should keep the Fund." Now, I'm going to speculate a little bit. When we set out in our task to find out what Albertans wanted to do with the fund, I wasn't sure which way it was going to go. In fact, I thought it would probably be closer to 50-50, where some Albertans would want to keep the fund and some Albertans would want to liquidate it. I would speculate, Mr. Speaker, that only two years ago the answer could well have been different. Now, I don't know that for certain, but I think what has happened – as I listened to people in the discussion groups as we went around the province, the feeling I had was that the participants were now confident in a government that had a plan, a fiscal plan, and because of that confidence they were saying: "We now believe the government has a plan in place to look after our matters, a financially, fiscally responsible government. With that in place we're content now to leave the fund as it is for down the road."

I think it was clear from the process that the participants said, "We need a debt management plan to go along with the keeping of the heritage fund," and some ways that we've demonstrated that in this House, Mr. Speaker, were of course prior to the 1993 election the Deficit Elimination Act, which put into place a program for getting our finances under control, for legislating deficit reduction over a period of four years down to at the end of four years where we would run a balanced budget every year forever. Bill 1 introduced this session, the Alberta Taxpayer Protection Act, says to the people of Alberta that we will not institute a general sales tax without running a referendum and having that support. Bill 6 also introduced this session, Balanced Budget and Debt Retirement Act, which so many of these participants wanted to have, wanted to see the government bring into place, has now been before this House. It requires the government to retire its net debt over a 25-year period of time, with five-year milestones.

4:10

Today, Mr. Speaker, we introduced Bill 40, the Government Accountability Act, which I happen to think is a fine piece of legislation. The highlights of that legislation is the requirement

for the government to have a three-year consolidated fiscal plan. It requires the government to have detailed reporting requirements on the contents and assumptions of the consolidated fiscal plan. It requires a three-year consolidated business plan that sets out goals, performance measures, desired results, and a ministry business plan summary. It requires regular quarterly reports on the status of the consolidated plan. And on it goes.

I had the occasion on Friday to speak to a group about our budget, about the legislation that we had to show the people that we are indeed an accountable government, a fiscally responsible government. That confidence that the people demonstrated is why I believe they told us – 70 percent, I believe – in no uncertain terms, "We want to keep the heritage savings trust fund."

MR. VAN BINSBERGEN: A point of order.

THE DEPUTY SPEAKER: A point of order has been called by the hon. Member for West Yellowhead. You'll share with us the citation.

**Point of Order
Relevance**

MR. VAN BINSBERGEN: *Beauchesne* 459(1), relevance. Mr. Speaker, the Member for Red Deer-South is waxing eloquent about Bill 40, and I think we're talking about Motion 21. Now, I'm confused about the numbering of the motion, but that doesn't entitle him to speak about Bill 40.

THE DEPUTY SPEAKER: The hon. Member for Red Deer-South on the point of order.

MR. DOERKSEN: Mr. Speaker, I would just encourage the Member for West Yellowhead to stick around; he'll learn a few things this afternoon. I am indeed on the point of the motion. [interjections]

THE DEPUTY SPEAKER: Hon. member, with all of the loud cheers the Chair was unable to hear your reply to the point of order that was raised by West Yellowhead: relevance.

MR. DOERKSEN: Well, Mr. Speaker, if you wish to hear the reply again, I'm suggesting to the Member for West Yellowhead that he should stick around and listen because he will learn how this all relates to the motion or the resolution before us. It is indeed on the point of the recommendations presented before us today.

THE DEPUTY SPEAKER: The Chair would understand that Red Deer-South is about to reveal to all through the course of his talk how it is that other things may be relevant to Motion 21. In that sense, then, we all should give him our hearing.

Red Deer-South.

Debate Continued

MR. DOERKSEN: Thank you, Mr. Speaker. Most of those comments were on recommendation 1: "The government should keep the Fund." I was laying the groundwork for the reasons why Albertans were telling us that we should keep the fund. I said very clearly that it was because they see that we are a fiscally responsible and accountable government. That is why they told us that recommendation 1 should be: "The government should keep the Fund."

So having made that point, Mr. Speaker, I will move on to recommendation 2, because this is also a critical recommendation in our report. Recommendation 2 of course says, "The government should debate in the Legislature whether the originally stated objectives of the Fund are still appropriate in 1995." If we go back and review what the original objectives were, they were, first of all, "to save for the future;" secondly, "to strengthen and diversify Alberta's economy;" and thirdly, "to improve the quality of life in Alberta." In my opening preamble I referred to some of the investments in Alberta that achieved objective number 3, "to improve the quality of life in Alberta." Of course I referred to the parks system and some of the endowments, some of the foundation money. I think it is very appropriate now that the government do review the objectives of the heritage fund.

I would suggest for consideration this afternoon, number one, that the objective that was there before, "to save for the future," is still a worthwhile objective and one that we should still consider. I'm just going to clarify a little bit what the second original objective said: "to strengthen and diversify Alberta's economy." I think we should eliminate the word "diversify" and amend that objective to say: to strengthen Alberta's economy. I think the point I'm trying to make with these objectives, Mr. Speaker, is to say that we are in a period now of getting our fiscal House in order, of getting our debt under control, of having a debt management plan. I think the objectives we have for the fund – "to save for the future, to strengthen . . . Alberta's economy" – are very appropriate objectives in this current environment. But they may not be the objectives that we want to have for the next 20 or 30 years, which is why I would also suggest that these objectives that are assigned to the fund should be reviewed on a regular basis. I'm suggesting that five years might be an appropriate time frame to review the objectives on a regular basis to make sure that they are appropriate for the day and for where we're at as a province. So I would make those suggestions to do with recommendation 2.

Mr. Speaker, I'm not going to address every one of the recommendations, but I do want to talk about one more here. Recommendation 10 reads: "The government should debate in the Legislature how to maximize the Fund's income in the context of the objectives of the Fund." I want to zero in on that word "maximize," because that can be a scary word. With every investment that you make there is risk associated. I think the people of Alberta do not wish to maximize their revenue and accept the risk that might accompany that investment. We have to make sure that the objectives of the fund and the parameters that we give to the new government structure, as may be determined in this fund – we have to make sure that they know that we wish to maximize the revenue within the context of an acceptable risk factor to Albertans because we have an obligation to protect that fund as well as earn revenue from it. So I want to be very clear on that: the maximization of the fund has to be within the context of an acceptable risk to Albertans.

So, Mr. Speaker, those are a few of the comments that I wish to make this afternoon. I do want to reiterate that I was pleased to be a part of this review process. Albertans have told us to keep the fund. They've told us to keep the fund because they believe that we are a government that has its finances under control and is able to manage its investments, including the Alberta heritage savings trust fund, with the debt management plan and the legislative pieces that we have in place.

Thank you for this opportunity, Mr. Speaker.

THE DEPUTY SPEAKER: The hon. Member for Lethbridge-East.

DR. NICOL: Thank you, Mr. Speaker. It gives me great pleasure this afternoon to rise and speak to Motion 21, concerning the acceptance of the report of the committee to review the future of the Alberta heritage savings trust fund. I'd like to start my comments by just noting a very interesting fact that appears on the very front page of the report that the committee submitted. I don't know whether it was a direction for the future of the fund or whether it was just something that happened by circumstance. The committee has called their report: Future Directions for Alberta's Heritage Fund. They've left the word "savings" out of it. I just would like to start with that kind of a background or that kind of a thought to build my comments on, in the sense of coming from an economic training and dealing with development planning as a focus.

There's a lot of economic literature that talks about the way to use depletable resource revenues. One of the main offshoots of this literature is that if we take part of the earnings from that depletable resource and invest it to create a future heritage for the economy or for the society based on that depletable resource, the long-term growth of that economic system can be maximized. The focus of this fund has to be a contribution to economic development and sustainability of that economic growth as the depletable resource is used up over a number of years.

4:20

I think if we look back at the objectives that were established by the government when they originally started the heritage fund, they gave us the basic focus dealing with the basic generating of income: the ability of the fund to provide for the future of the province and the ability of the fund to provide for kind of a safety valve or a rainy day fund for the government. I think the main focus, when we look at the debate that was put forth at that time, really dealt with the idea that the fund was to be used and put away to supplement the economic system of the province as our oil revenues were depleted. I was quite pleased to hear the Provincial Treasurer in his comments make these kinds of references to the idea that the fund needs to be dealt with, that we have to look at the issues of whether or not we try to build it to a level that it will sustain the revenues of our current depletable resources.

These are the kinds of issues that we really need to address as we look at the role that this fund will serve as we move into the debate and the next generation of our heritage fund. The idea that we have to look at the fund from the perspective of its contribution to the economic growth, the idea that these recommendations that we've had from the committee are going to suggest that this be done in the open and with public input through the legislative process really brings forth the idea that this will be a fund that the people of Alberta feel they've got some control over. The main direction of the fund has to deal with our economy, keeping our economy sustainable as our depletable resources, the oil and gas, that we're building this fund from are used up.

Basically, as an introduction, that's kind of the philosophy that I was using in the recommendations and in reading the report. Mr. Speaker, I'd just like to say I guess that I was very pleased with the results of the report, especially the base recommendations, because these kind of fit with the ideas that I've felt all along we should be looking at in terms of managing the fund, that we should be using it as a trust fund, not as a savings fund, not as a mechanism to deal with a rainy day situation.

What I'd like to do now is speak more specifically about some of the recommendations of the committee and deal with them from the perspective of how I see us moving on those recommendations as we go from today's debate on the acceptance of this

report and the implementation of it. I guess there's been a lot of debate already on the basic set of recommendations that kind of start off with number one and go down to about number six, where they're talking about how the fund should be managed. Most of these I agree with. They're very good. They need to be kind of expanded on a little more in terms of the intent that the committee gathered from the people of Alberta.

Basically, recommendation 6 I think is one of the ones that had we had that kind of recommendation where we had to have "simple, factual and readable annual updates" on the report, a lot of the confusion that existed around the province on the heritage fund leading up to this review wouldn't have been there. We would have had people understanding basically the status of our heritage fund much more readily. The idea that we can understand and have people accept the decisions that are made, if they really understand the status of the fund, basically gives us the kind of information and the kind of public acceptance to changes in our action that have to be done from period to period as the government sets a new direction.

Recommendation 7. I have a little question that I'd like to raise to both the government and the committee in terms of some clearer definition. This requires that the board of directors develop three-year business plans. Basically, to me, if we're going to look at the heritage fund as a long-term investment in support of the economy of Alberta and the direction of Alberta, I would hope that as part of a three-year business plan they're dealing with a lot longer term perspective than that in terms of the amount of the fund that gets involved in, say, income generation versus growth versus some of the aspects of future uses. If we start dealing with it in too short of a term of view, in terms of a three-year business plan, even though it's dealt with on an ongoing basis, if we don't look at it from the perspective of 10, 15, 20 years into the future, we miss a lot of the direction that we should be taking in terms of long-term investment of the funds and how those funds should be put in place to provide us with the kind of activity, the kind of support that we want to see for the province out of that fund. So I just would hope that we'd see some more long-term focus put into the business plans that come out of recommendation 7.

One of the other recommendations that I wanted to expand on a little more - and the Member for Red Deer-South talked about it a little bit - is in terms of the "maximize" function that's included in recommendation 10. This kind of goes back again to needing to have a clearer definition of what "maximize" constitutes in the framework that this recommendation sets forth, in terms of its charge to the Legislature to develop the maximization focus of the income from the objectives.

Well, here what we have to do is look at how this becomes part of the use of the fund and whether or not we want to start dealing with the amount of risk. This fund, from the perspective of a support for the economic system as revenue generator for supporting economic development, can't be looked at in terms of a growth fund, so you have to deal with it in terms of a stability fund, and by putting kind of parameters on it, you automatically lock out some of the high-risk, winner-take-all, loser-go-away, and start-over approach that you can take if you're dealing with investments from a strict high-risk, big-gain potential. So I think recommendation 10 needs to be expanded a little bit to the point where the charge that goes to the Legislature on how to operate the fund needs to include some parameters or a process in there where the Legislature can develop parameters to determine the amount of risk that's going to be accepted by the people of Alberta as they participate in the management of this fund.

4:30

The other part of it is the idea of how to deal with nonperforming portfolios as part of recommendation 11. If the business plan puts together an appropriate use of the fund – and we've got to really look at the definition of the fund. We see part of the nonperforming portfolio. Are they making reference here to the dollars that we have invested into things like the parks system or the green strip system? To me, those were investments that fell into the third objective of the former government when they set up the fund, and I guess the question now comes as to whether or not we can justify putting any more of our heritage fund into that kind of investment and whether we can still classify nonperforming parts of the portfolio as a wise objective for the use of the fund. So what we have to do, then, is look at basically what role we want the fund to play, how we want it to deal with the issues of support for both the fiscal activities of the government and in promotion of the economic incentives of the province so that we can in essence use this as a mechanism to promote our future.

I think some of the parts of the fund that we currently have that are probably giving us the best long-term gain from an economic sense have to deal with those dollars that are being applied to research and applied to the development of new, sustainable economic activity for the province, and that's the way we need to look at how the heritage fund can contribute. Maybe we should be using either more of it or different focuses with those dollars that are currently being used for science and research and technology development. That's where we can use these kinds of dollars to really promote the type of growth that we can have.

So basically, Mr. Speaker, that kind of gives a quick review of the recommendations and the comments that I saw as I went through. Some of the recommendations that came out are very obviously kinds of things that we need to support. I'd like to just again, in conclusion, congratulate the committee and recognize that their decision to make this open, public input both in terms of the hearings that went on and in terms of the process that they've recommended for the continued management of the fund I think will really bring us into a position where the people of Alberta can once again call this their fund. They can once again look at it as a fund that'll contribute very actively to the future of the province, and they'll be able to say that, you know, it's doing what we want because we can see what it's doing because of the clear reports.

I would like to recommend that all members of the Legislature support this. Again, congratulations to the committee.

THE DEPUTY SPEAKER: The hon. Member for Lac La Biche-St. Paul.

MR. LANGEVIN: Thank you, Mr. Speaker. Certainly it was a pleasure to be part of this review committee, and I'm quite thankful that I had the opportunity to serve along with four other members from this Legislature. I want to commend the Premier for making it an all-party committee. I think that in doing so, it obviously brought more co-operation from both sides of the House. I think it really reflects co-operation, and it's going to reflect a lot better what Albertans had told us at the open houses.

I would also like to say that our chairman is a little too humble. I think the hon. Member for Lethbridge-West did just an excellent job of chairing this committee as he made a great effort at all the open houses to assist the committee members and especially the support staff in giving us some guidance and direction. He also went the extra mile when the public came to make presentations, to impress on them how valuable their presentations were, that

they were assisting the government in making a decision, and that all their opinions and presentations would be taken into consideration before the final draft by our committee was presented. I think that made the public feel at ease at the presentations.

I know that some people and even some members of the Legislature have had some concern with the small attendance at the open houses. For me, I don't think that was a concern, because you can have open houses and you can have roundtable discussions sometimes when 2 or 3 or 5 percent of the public who attend actually take part in the discussion. In our case, when we went out to the open houses in eight different locations, I think every single person that came was prepared to make a presentation, either written or verbal. Often the person that made a presentation would make a comment that they had had discussions with a certain group or they were representing a certain organization and that their opinion was more than their own personal opinion and represented a larger number of people. I think this low attendance was compensated by the good presentations we had, by the full attendance of the people who came to the open houses.

On top of this attendance that we had at the open houses, I'm quite grateful and I think the chairman and all the members are for the 5 percent response we had through the mail. I spent my life in public. I think that in public life when you try and promote a certain item or when you're in sales and you send out a flyer or some kind of publication, if you get 1 or 2 percent, you say you have had a success. When the government sends a flyer out in the mail and you get a 5 percent response, coming from the government I think that's just as close to a miracle as you can have. I don't think we could have expected better.

As these mail-ins came in and as we proceeded to the open houses early in this session, it became very evident that Albertans were united in the advice they wanted to give us. I had feared, as our chairman had, that this could be a very divisive issue and that we could come up at the end of the open houses with a 50-50 opinion on either side, but it became very evident that Albertans were united. I think at the end we had between 75 to 80 percent of Albertans who basically gave us the same message.

The message came very loud and clear that we should keep the fund, which is reflected in our report, and that when we do keep the fund, we should have an effort put in place to keep the political decision out of the management of the fund. That's a challenge that this Legislature will have to decide, on how to do that. They also told us that we should try and involve the private sector in some of the decisions – that's another challenge that faces this Legislature – and that the fund should be more transparent. They said to us that we should have more reports on the fund and that those reports should be made public. Also, they should be made in common, street language so that they can be understood by the large majority of Albertans, keeping the high legal wording in our reports down so that Albertans can grab a report from the trust fund and they can understand it and know where it's going. I think that was the opinion of many Albertans: keep us informed but do it at our level.

I was very, very impressed by the whole procedure. I think that today as we discuss, I would urge all members of this Legislature to support this motion and be united behind the support. I don't intend to go through all the recommendations because I'm about the seventh or eighth speaker and most of the speakers have covered the recommendations. I think they've all been discussed here, and I would only be repeating many of the things that have been said already. I can see that both sides of the House are united and prepared to accept this report. I would just

like to ask for 100 percent support. I ask both sides of the House to support it.

With that I would terminate my comments. I look forward to the vote.

THE DEPUTY SPEAKER: The hon. Member for Edmonton-Roper.

4:40

MR. CHADI: Mr. Speaker, thank you very much for acknowledging me. I am pleased to be able to rise today and speak to Motion 21. I have been part of the heritage savings trust fund committee, which is a committee of this Legislature, since we were elected in 1993. For the most part I believe the members on that committee are newly elected MLAs.

I was certainly given an opportunity I think to educate myself with respect to the activities of the heritage savings trust fund. We've had different government departments appear before our committee. The committee members were given the opportunity of course to question the different ministers with respect to their portfolios and the amount of money that was invested or granted by the heritage savings trust fund to those different government departments. Many times the committee, in questioning different ministers, asked the different ministers' opinions with respect to the heritage fund, got responses of course from them, and they varied.

I recall when the Premier of the province appeared before the heritage savings trust fund committee and we asked him whether or not he felt that we should have a review of the fund to find out whether or not maybe some kind of an orderly liquidation would be something that we ought to consider or perhaps we should get some outside advice. There were all kinds of different ideas that were floating around. Time and time again we pressed for a review. The Premier committed to that review, and I'm pleased to see that in fact it has been concluded.

My only regret is that I was not part of that review committee. Unfortunately, I was preoccupied at the time. We were traveling the province on another – there was a different review going on, if you will, Mr. Speaker.

MR. DINNING: He didn't know whether he wanted to stay a Liberal. That's what it really was.

MR. CHADI: I note that the Provincial Treasurer is quite cocky today. Very cocky.

In any event, Mr. Speaker, I questioned a number of things during the . . . [interjections] Can I say "roostery" then?

MRS. FORSYTH: There is only one rooster allowed in this House.

MR. CHADI: And that's you, Heather.

Mr. Speaker, some of the concerns that I had – and I know that they could be answered. I will ask the Member for Lethbridge-West, the chairman of the review committee and chairman of the heritage savings trust fund legislative committee: just in fact how did the questionnaire get out to each household, and were we going to send that to each individual household in the province of Alberta? I note that for my own household we didn't receive one, and I know that some of my employees came forward and said that they had received it in the mail. As to how many households, when questioning the employees of my companies, they told me that only two of many received them. So there could

have been a problem with the public mail system. In any event, that happened, and the questionnaires did come in and were received by the province and/or by the committee I understand to the tune of about 50,000. Again I'm going to reiterate what was mentioned, that that is, I guess, quite laudable in terms of numbers that were returned.

When I did look at the brochure that was sent out, if you will, I quite agree with the Member for Lethbridge-West. When only the words "Can we interest you in an \$11 billion decision?" on the cover were the first thing that people saw, I can only relate that to a time when there was an envelope going out with a PIN number in the mail that had absolutely no reference whatsoever to where it was going or what it was about or what the letter was about. So I can relate, hon. Member for Lethbridge-West, and I can tell you with great certainty that maybe the outcome of the mail-back, or the returns, would have been substantially different had we caught that.

In any event, when I did look at the brochure itself, particularly page 4 of this brochure, which was part of the questionnaire that was mailed out to all Albertans, it talked about Alberta's debt and assets and also debt and assets if the heritage fund were used to pay down the debt. Now, the problem and the concern that I have is that maybe Albertans that received it got the wrong impression of what could happen should we liquidate the assets of the heritage savings trust fund.

Now, let me make it perfectly clear that I advocated the orderly liquidation of the heritage savings trust fund. There are assets within the fund that quite clearly, in my opinion, still need to be liquidated. We still ought to be able to take that investment, turn it into cash, and pay down debt. I still maintain that. I believe firmly that members of the board in the future will perhaps see it once they review the situation of the fund and will probably consider doing exactly what I've been talking about all along.

Coming back to the different scenarios that were shown on the brochure, Mr. Speaker, it says here, "If Heritage Fund was sold, Total Debt drops \$11.4 billion." Now, of course, that's assuming that we are going to liquidate the entire heritage savings trust fund. But it's further said that the "Net Debt doesn't change." Of course, I think that is a very difficult thing to explain, but at the same time it's a very difficult thing to understand. When you have a \$32 billion debt and you're talking about applying \$11 billion to it, you're saying that your net debt does not change. In the brochure it says that it wouldn't make any difference, basically, whether or not we sold it off, or liquidated it, and applied it to the debt or if we didn't. It makes no difference at all. Now, I think basically what was being said here was that because we're getting a certain rate of return, it makes no difference whether or not we did this.

I think this document is misleading. Perhaps we could have gotten different results if it wasn't as misleading as I see it to be. Quite clearly, if we have \$32 billion of debt and then we still say that we have a net debt of \$8 billion, assuming that figure is correct – that's the figure that has been used by the government time and time again – and if we took \$11 billion and we paid that against the debt, we'd still owe a new debt of \$8 billion. It doesn't make sense at all, and I can see why Albertans perhaps had no clue as to what was going on with respect to the heritage fund. So I question: would the results have been different had the information that was being sent to Albertans been a bit easier to understand?

I listened to the Provincial Treasurer as he spoke, and he said that he couldn't imagine what Alberta would be like without the

benefits of the heritage fund. Well, you know, Mr. Speaker, neither could I. The fact of the matter is that the heritage fund financed a great number of projects throughout the province of Alberta time and time again, granted different funds and sums of money to different government departments, everything from Agriculture, Food and Rural Development, funded things like Farming for the Future, grazing reserve enhancements.

I know that when the word "agriculture" is mentioned in this Assembly, Mr. Speaker, the minister of agriculture perks right up and focuses clearly on the speaker and instantly on the speaker. It's absolutely amazing. I'm pleased to see that the minister is smiling. I know that at this point I haven't said anything that would hurt the minister in any way, because if somebody said anything against agriculture, not that I ever would, the minister would take great offence to that.

Community development and urban parks. A considerable amount of money was spent in urban parks. When we talk about, "You couldn't imagine what Alberta would be like," I quite agree. Energy, Environmental Protection, and Health: great sums of money in those areas. Advanced Education and Career Development: the story goes on, Mr. Speaker. So a lot of money was spent in those areas, and Albertans benefited enormously from it.

4:50

I've often looked at the heritage savings trust fund – and I believe I'm correct in this – as just another bank account. Imagine a household having three or four different bank accounts and saying, "Well, you know, this account here is our savings account; this account over here is going to be for different projects that we have" – and I'm referring to things like perhaps the lottery fund and some of the heritage savings trust fund – "and a general revenue fund, which is going to be just our everyday account."

Well, Mr. Speaker, when you look at the administrative costs of each account, I'm wondering if there wasn't massive duplication in each of those different accounts. I'm wondering if there wasn't a situation where we were spending – and in this case the Alberta heritage savings trust fund – almost a million dollars to administer this fund on an annual basis because we were in a situation where we were granting funds to different government departments of course for their different uses. Could it have been any different if those funds that went to the heritage savings trust fund went in fact to the general revenue fund and were all administered out of there? Would we not have had urban parks? Would we not have had Farming for the Future? Would we not have had the granting for the health facilities that we've got? Advanced Education and Career Development, et cetera, et cetera. Would we not have had that, is what I'm saying. Also, would we not have had investments? Clearly the Treasury Department of the province has investments within its portfolio already. It could quite easily handle what is going on here in the heritage savings trust fund, could adequately do it without having any additional administrative costs or burdening the taxpayers of this province with an additional million dollars.

So, yeah, I can't imagine Alberta without the benefits of the oil and gas revenues and every other natural resource revenue that created the heritage trust fund; I can't imagine that either. But I can imagine it without the heritage savings trust fund as a bank account. I certainly can, and I bet the Provincial Treasurer can too. I'll bet you there are members across. All members and all Albertans could probably imagine it, because all it is is a sum of money that came to the province and accrued to the province through our natural resource revenues. Now, that came in and we

created an account. So let's not make this heritage savings trust fund something of a god, something that exists separate from everything that happens in the Legislature or from the general revenue fund or from the lottery fund. This is a bank account, nothing more and nothing less, which could have functioned right out of the general revenue fund just as easily without the administration costs that existed and continue to exist.

The Provincial Treasurer spoke, when moving second reading of Motion 21, about Albertans saying: keep the fund. Well, I quite agree that there are parts of the fund that we definitely should keep. Nobody disagreed; nobody argued with that. There are, Mr. Speaker, investments within the fund that make some sense. I refer to things like the different Canada investments that we have, that division, in particular different loans that were granted to different provinces. I think there is an interest receivable yield in the range of about 9 and a half percent. I can't find it at the moment, but I believe it was between 9 and a half and around 13 and a half percent, which are quite acceptable interest rates for this day and age. I know that when we were out there two years ago looking for investments, you couldn't possibly come up with a rate of return of 13 and a half percent or anywhere near that. So the heritage fund, as a savings account or an investment tool, was doing very well in that regard. But there were areas within it that weren't doing so well, and when I talk about the orderly liquidation, that's what I'm talking about, and I think that's what Albertans were talking about when they said that the fund should be retained but not at the status quo and then went on.

The Member for Red Deer-South spoke, and he said that the very first principle for the fund to conform with the contemporary fiscal and economic environment in Alberta should be that the fund should be retained. That's what Albertans said, but Red Deer-South didn't go far enough. Albertans added something else onto that: but not at the status quo. Red Deer-South also said that the reason Albertans said the fund should be retained is because they are a responsible government, but again he failed to say that Albertans told the review committee: but don't retain this at the status quo.

Now, I say to Red Deer-South: you are a responsible government. Certainly there are things that are going on in the province of Alberta today that I agree with. There's no question about it. A lot of Albertans like what's going on. A lot of Canadians look at what's happening with the federal government and they're saying: "Yes, indeed, that's what we want. We want a balanced budget." Newfoundland, the poorest province in Canada, has now got a balanced budget, Mr. Speaker. So there are things. Elected officials today are responsible people. They try to be. If they're not, they're not going to get elected next time. So let's hope to think that we are responsible. In fact, when Red Deer-South said that they are a responsible government, the first thing that came to my mind was a \$32 billion debt. A \$32 billion debt. I thought to myself: we are responsible. We are responsible to whom?

We talked about the objectives of the heritage savings trust fund. Let me move on. I see that Calgary-North Hill is getting a bit anxious right now and I know would love to engage in debate. I don't want to dwell on the \$32 billion debt. I want to dwell on Motion 21. I want to talk about the objectives of the heritage savings trust fund as were originally set out. I want to talk about saving for the future. I want to talk about diversifying our economy and a better quality of life, because these are the things that the heritage fund was supposed to do. That's what the Alberta government is supposed to do. That's why we all got elected. It's not the fund that gives you that or does that, because

those moneys come from the different resource revenues from this province. Now, whether they went to the fund or they went to the GRF, it is the same thing.

I note that when the Provincial Treasurer spoke about the objectives, the objectives that would have to match the realities of today, I would hope to think that those objectives today would be, one, to balance our budget and, two, to eliminate our \$32 billion debt. Now, I know we probably won't see it. I hope that I could live long enough to see us liquidate our \$32 billion debt. I'm sure at \$100 million a year, as proposed by the Provincial Treasurer, I won't live long enough. Neither will you, Mr. Speaker. I think if you combine the total ages between us, it'll still take longer than that to pay off the debt.

So I'm not going to carry on about how we should liquidate the \$32 billion debt. What I'm talking about here is an orderly liquidation. Hopefully the board will start to look at that. I tend to think that once they look at the situation and the reality as spoken by the Provincial Treasurer – and he says that it matches the realities of today – they will have to agree that in fact that is clearly what should happen.

Now, I don't say an orderly liquidation and talk about an orderly liquidation of the heritage fund as something that I just thought of or the Liberal caucus just thought of or in fact members opposite would have just thought of. I'm talking about different organizations throughout this province and throughout Canada that have looked at the heritage fund and made some comments in the past.

Now, I think that I hear a buzzing noise. It may appear that my speaking time is up, and if it is, that's really too bad because I had some really good things to talk about. I'm sorry; is there an opportunity to speak again to this motion?

5:00

THE DEPUTY SPEAKER: The question's been called.
The hon. Member for Fort McMurray.

MR. GERMAIN: Thank you very much, Mr. Speaker. I've listened with much interest to this debate, which has consumed much of the afternoon. It began with pontifical rhetoric from the Provincial Treasurer suggesting that Albertans had seen the light, and it carried with it elements of almost frightening humour as the afternoon progressed.

At the risk of sounding objectionable, I'd like to say that one of the things that troubled me about the entire heritage trust fund review commission was the cost of getting this thing off the ground. You know, ladies and gentlemen, at a time when schools are closing in this province, at a time when hospitals are closing and health care beds are being cut back, we spent over a quarter of a million dollars trying to get the pulse of the province. There are a lot of ways to get the pulse of the province, you know. One that just comes to mind is that the Premier, when he was blowing taxpayers' money anyway talking on TV in the early part of the year, could have said: "Oh, by the way, ladies and gentlemen across Alberta, send in your constructive criticism on the heritage trust fund. I'd like to hear from you. Ladies and gentlemen, drop by your MLA's office and fill in a short questionnaire." Members of the Legislative Assembly that report to their constituents from time to time in written form, Mr. Speaker, could have devoted a section of those reports, that are indirectly all paid for by the government, to the study that we've conducted here at a cost of over a quarter of a million dollars.

You know, I want to now move to the hon. Member for Red Deer-South's comments when he suggested that people have given the government a ringing endorsement of their fiscal policies by

virtue of suggesting that they keep the heritage trust fund. I mean, that is a tremendous leap of faith for that hon. member. I want to suggest, Mr. Speaker, a different analogy that some members in this room might themselves be guilty of. There are numerous Albertans and Canadians every year who go out to buy a new car. Even though they know that they're going to pay 16 and 17 percent interest on that new car and they know that they have money tucked away in their savings account at their favourite Treasury Branch or bank or credit union that's earning them 5 or 6 percent . . .

DR. WEST: Where are they going to pay 17 percent? Let's not be hypothetical.

MR. GERMAIN: I see that the minister of transportation is now drawing air into his lungs and getting ready to stand, and I welcome his opportunity to do so. He's trying out a few ad libs right now, as he's wont to do, Mr. Speaker.

They borrow money to finance their cars at 16 or 17 percent, and they're earning 6 or 7 percent on their savings account in the bank, yet they do it. I am not going to say that those Albertans are stupid; I am not going to suggest that. I think most of them know that it does not make good economic sense to borrow at high interest rates and save at low interest rates. So why do they do it? Why do they do it? They do it because they are fearful, Mr. Speaker. They are fearful of their own lack of personal will. They're afraid that if they take that money out of their savings account, something else might come along that they want to buy, and they will lack the willpower to put the money back. That's why they do it.

DR. WEST: They might need a lawyer.

MR. GERMAIN: Now, the minister of transportation says, "They might need a lawyer." Well, you hardly have to go into your savings account for that, Mr. Speaker, because legal fees in the province of Alberta are today a wonderful bargain, and few, if anybody, have to borrow or borrow from their savings account for those. [interjection] That's right. [interjections]

Speaker's Ruling Decorum

THE DEPUTY SPEAKER: Order. There's a perfectly legitimate way for hon. members to object to the veracity of any statement made by another hon. member: by rising on a point of order and making the appropriate citation. Boos that prevent the Speaker from hearing the hon. member are frowned upon.

We would invite the hon. member to return to the motion.

MR. GERMAIN: Thank you very much, Mr. Speaker. I have to confess that I have a weakness: the minister of transportation does manage to draw me out of my shyness and draw me out of my shell.

Debate Continued

MR. GERMAIN: So I want to suggest to the Legislative Assembly that it was fear that allowed those many numbers of Albertans to say: let's keep the fund. They knew that if this government blew the fund, we'd still be in debt and we'd have no fund. So we'd have the worst of all worlds. We'd have the worst of all worlds in that we had no fund and that we had big debt. That's called lose/lose, and that's what Albertans were reacting to.

Now, one other thing that they might have been reacting to, Mr. Speaker, was that buried in that over a quarter of a million dollars of questionnaires were also some statements that could only be described charitably as outright biased statements in favour of one result or another. Let me read into the record two of the gems that appeared in that particular piece of literature: "Let's wait. The Heritage Fund is our legacy. It's too early and the situation is too uncertain to make an irrevocable decision now." You could almost hear the fireworks and the drum roll and the fife and bugle going off when people would read that section. It goes on: "As long as we have a good plan for paying down the debt," a first assumption right there that there'd be a good plan for paying down the . . .

MR. DUNFORD: A point of order.

THE DEPUTY SPEAKER: Order. The hon. Member for Lethbridge-West is rising on a point of order. You'll share the citation.

Point of Order

Allegations against Members

MR. DUNFORD: It's, I believe, 23(h), in terms of making "allegations against another member." I think it's important that the Members of the Legislative Assembly and also, then, the avid readers of *Hansard* hear this, that it be on the record, and that is that the committee was criticized in public for the document which we refer to as the bulletin. In many cases we were criticized for the fact that it was clear that the government wanted to liquidate the fund, and other people criticized us because it was clear that the government wanted to keep the fund. I'm resentful of the remarks that the Member for Fort McMurray has made, that this document was completely biased on the side of keeping the fund. The facts of the actual matter of people that came forward do not justify his allegation.

THE DEPUTY SPEAKER: The hon. Member for Fort McMurray on the point of order by Lethbridge-West.

MR. GERMAIN: Thank you, sir. The point of order speaks to the issue of an allegation made against a member. I made no allegation against a member. I was engaging in debate. There's a proper way for the opposite side of that debate to be presented, and that's by a member rising after and saying that the brochure was biased in favour of selling the fund.

THE DEPUTY SPEAKER: The hon. Member for Red Deer-South on this point of order?

MR. DOERKSEN: Yes, on this point of order. I just want to affirm the statements made by the Member for Lethbridge-West, that that is exactly true. We were accused of the document sometimes being biased in favour of selling; other people accused us of having the document biased in favour of the other side.

THE DEPUTY SPEAKER: I think that the point has been made. However, we do have a point of order based on 23(h), an allegation against another member. It would have to be clearly the other member, whether by name or by there could be no doubt as to who it is. So what we now have, then, is an allegation. We have in fact a debate on the points of fact, and the debate truly is part of what we're all about. So there's no point of order, hon. member, and we'd invite Fort McMurray to continue.

MR. GERMAIN: Thank you, Mr. Speaker, for that ruling exonerating once again the Member for Fort McMurray.

Debate Continued

MR. GERMAIN: I want to say that if the hon. members had allowed me to finish, I would have concluded after my points by pointing out that other people have raised the opposite view. I would also have made it clear in this Legislative Assembly that I do not ascribe the authorship of that document to any Member of this Legislative Assembly, nor do I ascribe it to the committee itself.

5:10

I want to say that one other little interesting section from this particular article was this:

As long as we have a good plan for paying down the debt, keep the Heritage Fund. It's an Alberta legacy and the concept of having an RRSP is still a good one.

So others will argue that despite the pamphlet, Albertans voted to encourage the government to retain the fund, and there is ample evidence and suggestion to make that argument that the pamphlet itself encouraged and directed Albertans to vote in a certain way.

Let me say one thing that is clear, Mr. Speaker, and that is that since the election in June of 1993 and indeed prior to that time it has become clear in the province of Alberta that Alberta's heritage trust fund had not been subject to good management, despite what the hon. Provincial Treasurer might indicate to the contrary, that Albertans were very frustrated that some of the objectives of the fund were not being met. Other objectives were being stretched to the breaking point. What the fund had become essentially was a vehicle of social policy and in fact a politicians' slush fund, out of which money could be shoveled for whatever happened to be going by at the time.

You know, that's not a new phenomena. As early as 1982 I remember the first intrusion into the heritage trust fund, which was marketed initially as a legacy for my children. The first intrusion into the heritage trust fund that affected all Albertans was a rebate on interest rates on your personal mortgage. Remember the rainy day interest rebate? Well, I want to tell you, Mr. Speaker, that I looked at that rebate and that documentation. I indeed had a mortgage on my home, and I indeed had an interest rate that was greater than the 12 and a half percent, but I declined, with the greatest of respect to the government moneymen, to take that money. I declined to take that particular dough because I could not understand frankly why Albertans were getting money for interest rates when they had made the decision to purchase the home and take those interest rates and run that risk.

You know, today, 15 years later, we hear the government standing up and saying: oh, we should be self-responsible; parents should discipline their children, educate their children; we should make health care decisions that are good for us. The government in this province encouraged that attitude of racing to the government with your hand out by allowing people to have a break on their interest rates. What we thought was a rainy day back then, Mr. Speaker, was in fact just a warm gentle rain in the middle of a summer wheat field. It can be argued in retrospect that that shielding program in fact kept housing prices artificially low in the province of Alberta, and it can also be argued that it kept interest rates artificially high because the normal stimulation to lower interest rates by people turning away from borrowing did not occur. It may be that in Alberta at least the higher interest rates ran on for longer than they should have. That was an outright interference with the marketplace.

I am not saying now with the benefit of hindsight whether it was right or whether it was wrong. If that money, for example, had stayed in the Alberta heritage trust fund at that time and if all of the other moneys, all of the other waste, and all of the other errors of judgment had stayed in the Alberta heritage trust fund, there is an economic model, Mr. Speaker, that indicates that today the heritage trust fund would be worth something twice as much or three times as much as it is, say \$30 billion, and we would not have had the debt that we have in this province. Would the Provincial Treasurer have been chirping then? You bet he would have. If we had been getting \$3 billion a year in interest on a budget expenditure of \$11 billion, if two bits of each and every one of the dollars we spent in Alberta was coming from interest from a heritage trust fund, had it been properly managed and properly shepherded, I'll tell you, then we would have had a situation in Alberta that all Albertans could have been proud of.

Now, I went back to that analogy of 12 or 15 years ago because I felt that it had passed in time, Mr. Speaker, to the point where it would offend nobody one way or the other and it would point out that sometimes the decisions that seem to make such good sense at the time often in retrospect and in hindsight are not the ones that should have been grabbed or should have been deployed.

So the Treasurer started his debate today, Mr. Speaker, by saying that the heritage trust fund had a proud history. It did not have a proud history. I want to suggest that what it was a good idea, an excellent idea that was poorly implemented, poorly administered, and poorly protected for Albertans of the future. We have only that one example, and there are many others. Any time that you use a heritage trust fund for the implementation of social policy as opposed to straight investment, you are bound to have problems, and the province of Alberta's heritage trust fund exhibited those problems.

Now, earlier, Mr. Speaker, it was suggested that some of the fine jewels of the Alberta economy, jewels such as Syncrude Canada, would not have been possible without the Alberta heritage trust fund. I want to suggest that in other provinces and in other parts of the world and in other countries where they do not have such a heritage trust fund, it is still possible to assist those types of megaprojects if the political will is there to do so. You simply have to be more creative than simply going and taking money out of the bank and making an investment. Even without the Alberta heritage trust fund I'm confident that the citizens of Alberta and their government of the day would have felt that the operations at Syncrude, for example, were worthwhile security for our future, that they would have found a way to make those investments in those projects.

So it is wrong for the Provincial Treasurer to say that we wouldn't have had that favourable upside economy if it hadn't been for the heritage trust fund. It is right for the Treasurer to say, by contrast, that if we hadn't had the heritage trust fund, we would have been more cautious and more careful with our money and we would not have blown it on those economic fiascos like NovAtel and MagCan that we did blow it on. The Syncrude project is a megabillion dollar project that falls into a unique . . .

THE DEPUTY SPEAKER: Hon. members at the far end, I wonder if you could engage in lively debate outside the Chamber.
Fort McMurray.

MR. GERMAIN: Thank you. They are unique projects that require from time to time unique situations and have to be addressed on their merit in a Legislative Assembly with full debate and not simply funded out of a government slush fund.

Now, I want to return to the proposition that I have had no difficulty talking to Albertans about, Mr. Speaker, and that is that we have situations in Alberta where we are borrowing money and paying an interest rate or a discount rate or an investment rate or an exchange rate that is greater than the interest rate that we are earning on our heritage trust fund involvements. One case study that comes to mind is the American debt that the government has borrowed in. This fact is not dealt with, but it is clear that when the American dollar rises in relation to the Canadian dollar, what looks to be an 8 percent loan or a 6 percent loan suddenly becomes ferociously greater in cost when the Provincial Treasurer goes to pay that loan back.

Any time we have funding in this heritage trust fund that is generating us a lower rate of return on what it is making than what we are paying, there is no rationalization. There is no adjective except ineptitude that will describe that particular situation. When that is allowed to exist, then you have to appreciate that those are some of the reasons why many Albertans suggested to this government that the heritage trust fund be liquidated.

5:20

Now, the hon. Member for Lethbridge-West was talking about anecdotal information on his travels around the province. I am delighted that he enjoyed his trip to Fort McMurray. I am delighted that he enjoyed his travel in a bucket wheel. I'm delighted that he remembers the day with such fondness. I, too, remember the day in Fort McMurray when the committee came to town, and I, too, remember the oral submissions that were made to the committee in Fort McMurray. If my anecdotal recollection is correct – and other members can correct me – the vast majority of the individuals there who spoke orally about this heritage trust fund favoured the abolition of the fund.

In Fort McMurray they favoured the abolition of the fund, and they raised three reasons, I think, in summary. The first reason they raised is the risk of ineptitude in investment by the government. The second reason they raised is the issue of the disparity in interest rates usually between a borrower and a lender. They were concerned about that. They also raised the issue that as an instrument of economic diversification in the province of Alberta it had failed miserably historically and that whatever else happened to the fund, that had to happen.

One very interesting reason that they raised, Mr. Speaker, was the question of how we are perceived by our fellow provinces, how we are perceived when we sit with a large heritage trust fund and whether Alberta would be a target for disproportionate cuts from the federal level of government in the event that the heritage trust fund were perceived to be a little extra. A bit like feeding your children: if you've got one child who is sickly and weak and another child who is healthy and robust, you will put an extra cup of mushroom soup or chicken soup onto the plate of the individual who is weak and sickly. I've not done justice to the manner in which that point was articulated in Fort McMurray, but it was a telling point. It was emotionally made, and it was honestly believed by those people who made it. It is an issue that we have to keep in mind as we talk through the rest of this particular debate.

We have to keep in mind, Mr. Speaker, that what we have developing in Canada is tight times. Just like sometimes the poor brother will not appreciate his rich brother, there is a concern that the heritage trust fund could create friction between ourselves and other provinces and between ourselves and the federal government. It will certainly do so in cases where we have lent money

to Canadian organizations such as Quebec Hydro or to one of the other provinces if problems develop in repaying that money.

With that, Mr. Speaker, I see that the time draws near for us to adjourn for the afternoon, so I will at this time move that we adjourn debate on this particular motion.

THE DEPUTY SPEAKER: The hon. Member for Fort McMurray has moved that we adjourn debate on Motion 21. All those in favour, please say aye.

SOME HON. MEMBERS: Aye.

THE DEPUTY SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

THE DEPUTY SPEAKER: Carried.

The hon. Deputy Government House Leader.

MR. EVANS: Thank you, Mr. Speaker. I now move that we call it 5:30 and that when we reconvene at 8 o'clock, we do so as Committee of the Whole.

THE DEPUTY SPEAKER: The hon. Deputy Government House Leader has moved that we now call it 5:30 and that when we reassemble after adjournment, we do so at 8 p.m. in Committee of the Whole. All those in favour, please say aye.

HON. MEMBERS: Aye.

THE DEPUTY SPEAKER: Opposed, please say no. Carried.

[The Assembly adjourned at 5:26 p.m.]