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Standing Committee on The Alberta Heritage Savings Trust Fund Act

Friday, October 26, 1979

Chairman: Mr. Payne

1:15 p.m.

MR. CHAIRMAN: I'd like to bring to order this meeting of the Select Committee on The Alberta Heritage Savings Trust Fund Act. As Chairman, I'd like to express appreciation to members who are here. I recognize Friday afternoon is not a particularly popular time to schedule a select meeting or, indeed, a meeting of any committee. But, under the circumstances, I'm sure you appreciate it was necessary.

Perhaps at the outset, I could summarize the agenda, as I see it. We'll resume debate of Mr. Notley's committee Recommendation No. 1, relating to public hearings. Then we'll take on the six Policy and Legislation Recommendations: four from Mr. Notley and two from Mr. Sindlinger. Then we'll discuss the latterly submitted recommendations from the opposition and from Mr. Bradley. Then one member has indicated an interest in speaking to a resolution. Then I, as Chairman, would like to discuss some administrative matters.

I don't know that we're going to do all that within 90 minutes or two hours, but some members of the committee -- those who have distances to travel -- have indicated an interest in that kind of time frame. I'll do the best I can to achieve that end.

Mr. Notley, could you care now to resume debate of your heritage fund committee Recommendation No. 1, relative to public hearings.

MR. NOTLEY: Mr. Chairman, in the interests of achieving the worth-while goal you have set out, I think I've already made the basic arguments. If there are any other comments or questions, I would be more than happy to respond. But I think I presented the arguments last meeting.

MR. CHAIRMAN: Just so members of the committee can refresh themselves on the import of Mr. Notley's recommendation, perhaps I could read it:

That, 1980 marking the fourth year of the operations of the Heritage Savings Trust Fund, the Committee hold public hearings to evaluate the views of Albertans with regard to the Heritage Savings Trust Fund, and to gather public opinion on the operations and uses of the Heritage Savings Trust Fund; and,

That, following the public hearings in 1980, the Committee consider the holding of public hearings in future if the process proves useful.

MR. NOTLEY: Mr. Chairman, I think there have been a number of suggestions or recommendations for structural changes in the way in which the -- procedural changes, I guess, in terms of the approach the committee will take over the next year. I would have no particular objection if, after the debate on this

item, members would like to see this referred back to the Chairman. I think we're going to have to have a further meeting to discuss our role between sessions of the House and what have you, anyway. But I leave that for committee members to make their observations on.

MR. PAHL: I guess I indicated to the committee last time, and I'd simply reinforce my position that I support a lot of the idea of public information. I also support at least taking a good look at the thought of continued activity of this committee beyond its rather limited tasks we've set out to do now. But I would oppose public hearings on the basis that they are an inappropriate mechanism to do so.

MR. BRADLEY: Perhaps we should go along with Mr. Notley's suggestion to refer this to the Chair for some future meeting.

MR. CHAIRMAN: Perhaps I could interject at this point. I have had prior discussion with Mr. Clark, Mr. Notley, and several of the government members. I was planning to defer this discussion until the end, but perhaps it's appropriate to do so now because it could influence how we handle some of these questions ahead of us today.

In recent weeks I've had a number of members of the committee indicate to me interest in certain subjects that were not appropriate for recommendation and discussion in this form, but by the same token they felt it might be useful to pursue in perhaps another form. Such questions as: should the committee meet between sittings; should the committee embark on its hearings earlier in 1980 so as to avoid the perennial crush of meetings and report preparation; suggestions of content of the report that's tabled by the Chairman; and so on. I was intending to propose to the committee that I might codify all those suggestions, and others, into a form of a questionnaire and circulate it to members of the committee perhaps over the next two-week period, then on receipt of responses to that questionnaire, determine some kind of consensus and make those judgments and take those actions that flow from the consensus determined by questionnaire.

Does the committee with that perhaps unusual but perhaps pragmatic and useful mechanism?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Very good.

MR. SINDLINGER: I agree with the substance of your comments, but they've raised a question in my mind. That's in regard to the comment you made about the content of the report submitted by the committee. My question to you would be, is it your intention to have the committee peruse the report prior to its submission to the Legislature?

MR. CHAIRMAN: Before I respond to that, it would be useful for me to know what has transpired in past years. Could the more experienced members of the committee respond to that?

MR. R. CLARK: I can't recall specifically last year, but I think the general practice is that once the Chairman and his research assistants have finished the report, members of the committee are provided with an opportunity to look at the report. If there are areas where there are grave concerns about, then

members would raise them. I think it's a courtesy to members that should be extended.

MR. CHAIRMAN: That's a point of view I share, although I was unaware of the precedent. I think I would probably be in a position, Mr. Sindlinger, to circulate to members of the committee a first draft on Monday or Tuesday next. In so doing, of course, because of the time constraints to which I have already referred -- there is, as you know, an interest on the government side to move to second reading of the Alberta Heritage Savings Trust Fund appropriation Act, which really cannot be taken prior to the tabling of this report. So in circulating the draft, I will be encouraging very prompt response so there would be time to incorporate whatever changes are merited.

By the same token, Mr. Sindlinger, or in addition to that, this might be another matter that might bear examination at a more leisurely opportunity, between sitting opportunity.

Mr. Notley, in light of these comments and the consensus on the questionnaire, do you wish to simply just defer any further discussion on committee Recommendation No. 1 to the Chair?

MR. SINDLINGER: Mr. Chairman, before you leave that point, if any changes are suggested by members, will the other members of the committee have the opportunity to see those changes after they have been incorporated into the report and before submission of the report to the Legislature?

MR. CHAIRMAN: On the assumption that the responses from the committee are forthcoming and that there is time for that additional meeting, my answer is yes. That's a qualified yes, and I'd prefer that to be so qualified.

MR. MUSGREAVE: I'm a little hazy about what we did before. But if I recall, the notions and recommendations were dealt with and given to the Chairman, and we didn't expect him to make any significant changes, or if he did he would let us know. That was it. As a Chairman, you have a real problem of getting it out. I think you're going to have to exercise a prerogative as Chairman. If you want to make a significant change, I think you have a choice of either putting it in or leaving it out, and I would suggest you leave it out.

MR. CHAIRMAN: Rather than respond negatively or affirmatively to the question, I think I prefer to say that I'll defer judgment on that until I've seen responses I get from the committee. They may not merit the calling of the . . . For example, let's say that of the 14 members who respond, nine are no comment and five are fine-tuning changes. Then such a committee meeting would hardly be warranted. On the other hand, if there were some very significant structural changes and they appear to be coming from a goodly number of committee members, then in that situation the calling of the committee would be very appropriate.

MR. SINDLINGER: Mr. Chairman, I agree that for the sake of expediency there would probably be a lot of matters that would simply mechanical or technical or those of a grammatical nature. In that case it wouldn't be worth bringing them back to the committee. On the other hand there may be things, certain nuances or insinuations or -- let's say nuances or different ways of looking at matters that I think would bear review by the committee.

Inasmuch as there really isn't any direction in terms of what happened before and people don't seem to have it clear in their minds what has happened

before, I have referred to the *Standing Orders* of the Legislative Assembly of Alberta. Section 55.(1) states that:

The report of a committee shall be signed only by the chairman, even if the chairman dissents from the majority of the committee.

Section 55.(2) is the one that is relevant. It states:

The report of a committee is the report as determined by the committee . . .

I think, therefore, if the report is that which is determined by the committee, it's incumbent upon this committee to ensure that the report represents its views as to the review of the Heritage Savings Trust Fund. Not questioning your judgment in regard to the nature of the changes suggested, if any -- I am presuming now. I don't know there will be any changes. Maybe it will be the most perfect report in the world. Nevertheless, in terms of procedure I think this committee ought to look at that report prior to its submission to the Legislature.

MR. CHAIRMAN: I think we have committee agreement on that already, Mr. Sindlinger. As I recall, I have undertaken to circulate the report on Monday or Tuesday. And I have deferred judgment on subsequent action depending on the nature of the responses. I'm just not prepared to make any further or more detailed response.

MR. NOTLEY: Mr. Chairman, I think your ruling is a reasonable one. In past years we have had minority reports. But the custom has been that the minority report should only be based on those areas that have been discussed in the committee itself. In other words, if a member were to take exception in a minority to X, Y, and Z, it should be X, Y, and Z that had in fact been discussed in this committee and not X, Y, and Z that is brought in after the fact. I think that was a general consensus we arrived at last year.

MR. CHAIRMAN: Okay. Which brings us back to Mr. Notley's committee Recommendation No. 1. Inasmuch as the resumption of debate was yours, Mr. Notley, and it was also your suggestion to refer it to the Chair, is that still your view?

MR. NOTLEY: I would move, if it needs that, that it just be referred to the Chairman.

MR. CHAIRMAN: Thank you. Turning then, ladies and gentlemen, to Policy and Legislation section, Recommendation No. 1, related to an inventory and a subsequent white paper. I believe that was Mr. Notley's recommendation. Mr. Notley, would you care to comment on that recommendation?

MR. NOTLEY: Mr. Chairman, I certainly would, although I'm just wondering how you want to proceed on it. We have resolutions No. 1 and No. 2 which deal with the question of diversification in, I think, complementary ways. Then we have the official opposition motion, also concerning economic diversification. Do you want to take all three together so we don't end up discussing the same thing separately?

MR. CHAIRMAN: Mr. Clark, inasmuch as these are your recommendations, could I have your view?

MR. R. CLARK: Yes, we would be quite agreeable to discuss the whole question of economic diversification all at once.

MR. NOTLEY: Just to summarize motions No. 1 and No. 2, it's my view that diversification has to be a much stronger element in the heritage trust fund investments. I would be less than candid if I didn't say that I don't share the view that the heritage trust fund is, first and most important, primarily a savings fund. I see it as being a vehicle for diversification of the province first, and in a secondary sense as a savings fund. That has been my view; that was my view in 1976 when the legislation was introduced. It is my opinion even more strongly today.

With respect to motion No. 1, it is my submission that if we're going to use the heritage trust fund effectively, in order to diversification the economy one has to know where to start. I think we need a fairly comprehensive inventory of what is possible in the province. I know we've had bits and pieces. Frankly, Mr. Chairman, I don't think we've had the kind of inventory that is needed. That's one of the reasons I've called for such a move, which would lead to the introduction in the House of a white paper on economic strategy.

MR. MUSGREAVE: I agree with the idea that we would certainly need a study of this nature. If it wants to take the form of a white paper, that's all right too. But I just don't think it should come from the heritage fund. I think it should be a charge on the department of economic affairs to do this sort of analysis of where the province stands.

So, while I certainly support the idea and think it's an excellent one, I just don't support it as being part of the heritage fund recommendations.

MR. PAHL: Mr. Chairman, I believe I would support Mr. Musgreave's point. I do compliment the Member for Spirit River-Fairview for that point. I hope that really would come under the ambit of the Department of Economic Development and would fail the test of saying we do things in the Heritage Savings Trust Fund that won't otherwise be done. My essential point on it is that if you look at the whereas to the preamble of the Act, notwithstanding the member's disagreement with the intent, it does state quite clearly that a substantial proportion of these revenues be set aside and invested for the benefit of the people of Alberta in future years. Although his point is reinforced by the use of the capital projects division, which doesn't accrue in a monetary sense necessarily, I think the intention of the fund is very clearly for revenue and not to subsidize in massive ways . . . I guess what I'm afraid of is that if we take that direction, we'll create a mis-allocation of resources by doing things sub-optimally. So I would have to speak against the recommendation.

MRS. FYFE: Mr. Chairman, I do not favor this motion. I think it's one of those that in theory sounds good, but to try to put it into practice I am very specifically concerned about the land use within our province. I think we have to look at certain steps and co-ordination and co-operation between the Department of Municipal Affairs and the various planning commissions that operate under The Planning Act, together with Economic Development. In the situation we have now where municipalities are vying with each other for acceptable economic diversification or development within their boundaries to

offset the effects of property tax. I think economic development and inventory has to be developed through the input of local communities with the input of the general plans that are now being worked upon. In itself, economic development is something that cannot be imposed by a provincial government. For us to proceed from this level with a detailed inventory and potential strategy in a white paper, I do not think is the route to go. I certainly have some sympathy for a strategy or co-ordination for economic development, but not through this route. I think it's absolutely imperative that we come to grips with land use and the best utilization of land use. Part of that is going to be probably a revamping of property tax and location of industry where it is best suited. So I think that is one step we have to go, and I don't think this would accomplish that.

MR. BRADLEY: Mr. Chairman: I would have to agree with the remarks made by Mr. Musgreave and Mr. Pahl, also Mrs. Fyfe, with regard to the recommendation. Certainly it is worth while to look at what Mr. Notley suggests, but I believe it should be funded perhaps through the Department of Economic Development and not from the Heritage Savings Trust Fund.

On the question that has also been raised with regard to whether we have a savings trust fund or whether the thrust should be diversification, I think we have got away from the title of the fund in calling it the heritage fund. The title of the fund is the Heritage Savings Trust Fund. We often leave out the "savings" aspect of it when referring to it. But that is what the fund was set up for. It's in the title of the fund -- the Heritage Savings Trust Fund, not the heritage diversification trust fund. It's "savings" front and centre. I strongly believe that's one of the major purposes of the fund.

MR. CHAIRMAN: Before accepting Mr. Clark's contribution here, I should draw to the attention of committee members that Mr. Clark's recommendation on the subject of economic diversification was the subject of a separate memorandum dated October 15 and is not in your binder. We are now discussing recommendations 1 and 2 in the policy section submitted by Mr. Notley, and the first of the two October 15 recommendations from Mr. Clark.

MR. R. CLARK: In light of the comments made by members today, I wonder if we're really saying that there seems to be considerable support for the idea of some sort of inventory being developed. If I look at the recommendation we made concerning economic diversification, one might modify that somewhat by simply going down to "AND, BE IT FURTHER RESOLVED . . ." and say:

We urge the Government to present to the Legislature, within 12 months, a comprehensive plan to achieve the stated objective, i.e. "to strengthen and diversify the economy of Alberta".

It seems to me we than don't get involved in the argument of whether this should be done within the heritage fund or by the Department of Economic Development or whether it should be an inventory, or whatever, but recognizing that it's clearly stated that one of the two prime objectives of the fund is to strength and diversify the economy of Alberta.

Really what the committee is saying to the government is to present the Legislature with a plan in 12 months. Likely that isn't a bad timetable when we consider that in 12 months the new Department of Economic Development will have been in existence for two years.

MR. SINDLINGER: Mr. Chairman, to begin with I want to make sure I have the correct motion. Is this the one attached to the October 15 memorandum, Mr. Clark?

MR. R. CLARK: Yes. My comments deal with the last "AND, BE IT FURTHER RESOLVED . . .", Mr. Sindlinger.

MR. SINDLINGER: Are you deleting the part:

THEREFORE, BE IT RESOLVED THAT, this Committee expresses its dissatisfaction, disappointment and concern as to the extent of diversification achieved thus far by the Heritage Fund;

MR. R. CLARK: I'm simply saying to the committee, Mr. Chairman today in light of the discussions going on that I think this motion would be better phrased if in fact we just dealt with the last "AND, BE IT FURTHER RESOLVED . . .".

MR. SINDLINGER: For clarification. You are deleting that, you've pulled it right out?

MR. R. CLARK: I'm really saying, let's just leave the "AND, BE IT FURTHER RESOLVED . . .".

MR. PAHL: Only the last paragraph.

MR. R. CLARK: That in essence would be the recommendation.

MR. CHAIRMAN: In effect, the committee is now examining two fairly similar recommendations. One uses the phrase "white paper", one calls it a "plan", and one puts a time parameter of 12 months on it. Mr. Sindlinger, did you wish to continue that line of questioning?

MR. SINDLINGER: Not if that's no longer part of the recommendation.

MR. PAHL: First of all, I was going to ask to see recommendation, but I have done the discourtesy of speaking to all the motions but was really only looking at Mr. Notley's No. 1. Upon seeing them, I think I would have a little trouble when dealing with The Alberta Heritage Savings Trust Fund Act to use that mechanism, as a standing committee of the Legislature, to call into review the whole economic plan of the government. In terms of diversification, I would certainly support the thought of perhaps moving this committee into a more sophisticated analysis of the achievements of the Heritage Savings Trust Fund. But I think we are overstepping our mandate somewhat to use this platform to evaluate the whole of the government's strategy.

MR. CHAIRMAN: Mr. Knaak, we are examining three recommendations now: Policy and Legislation recommendations 1 and 2 from Mr. Notley, the inventory and white papers recommendation and the diversification recommendation, and the opposition's first recommendation attached to their October 15 memorandum related to economic diversification. If you have a copy of that in front of you, Mr. Clark has amended that so all is excluded with the exception of the final paragraph, which refers specifically to the presentation to the Legislature of a comprehensive plan.

MR. NOTLEY: I would have no particular difficulty in accepting the proposal made by Mr. Clark. If it's easier for members to accept the proposition that it should be the government, then we don't get into an argument whether it should be the Department of Economic Development or some other department.

I think Mrs. Pyfe's point is useful, that we can't divorce this from the land use planning. It's one of the reasons that I felt at the time that we should be looking at it perhaps being commissioned under the investment committee as a whole, where you have some interdepartmental input as opposed to just one department of government.

I think what we're saying here is that there should be an inventory and it has to be done by the government. The official opposition recommendation here is not so specific that it pins us down as to recommending who should do it, but simply makes the point that we should get on with the job. I think that's totally consistent with what I had in mind. If that's agreeable to other members, I think we could just proceed with it. It would really be a substitute for the other two as well.

MR. STEWART: In listening to the discussion here, I am having trouble trying to decide in my own mind how this committee can ask for a comprehensive statement of achievement of the Heritage Savings Trust Fund on the basis, as I understand it -- I'm far more comfortable with the project by project statement by the government of what are heritage trust fund projects and what are projects of the government in general. When you try to ask the government to come out with a performance report, you're really lumping it all into one sum. I don't perceive the Heritage Savings Trust Fund in that nature. I think it's better if we can identify project by project what has taken place, what has been allocated as a project of the Heritage Savings Trust Fund and yearly get a report on that particular item. Otherwise, I think we're lumping the thing with the whole economic aspect of the province.

For that reason, I have trouble with this motion.

MR. R. CLARK: Mr. Chairman, I want to respond to Mr. Pahl's comment. This wasn't an attempt to evaluate the government's strategy. It's simply a matter of saying, look, one of the two basic commitments of the fund is this idea of strengthening and diversifying the economy of Alberta, and to say to the Legislature, and through the Legislature to this committee and certainly to Albertans: what's the comprehensive or long-range plan we have in mind? It seems to me that members of the committee, in addition to looking at individually investments that have been made on a project basis, as Mr. Stewart mentioned, or short-term investments, we have to weigh all that from the standpoint of really two tests. One is the financial return, and the second is the success we have in strengthening and diversifying the economy of the province. Perhaps the place we start is by saying to the government, what comprehensive plan do you have in mind. Then it seems to me that in future years that gives the committee a bit of a place to start from. I wrote the terms down to evaluate the government's strategy -- it seems to me that strategy should be pretty vital to all of us as Albertans. Then we can see how the investments that are taking place in fact are within that strategy, fully recognizing that there will be some need to modify that strategy from time to time. I would certainly expect that.

MR. KNAAK: Mr. Chairman, before I begin addressing this motion, I want to apologize to you and the committee for coming in late, but I had an unavoidable appointment.

Are we speaking about this notion of the official opposition and addressing ourselves to the last paragraph now?

MR. CHAIRMAN: That's right and the first two recommendations submitted by Mr. Notley in the Policy and Legislation section.

MR. KNAAK: Would it be in order, Mr. Chairman, if I just addressed myself to the last paragraph then? Then maybe I can come back in on the other points as the discussions progress.

I just want to say that I've always had a concern with the official opposition's stand in this area. Only yesterday we talked about interest rates. I have the feeling, and the official opposition never makes the point, but it seems as if they are suggesting that the process of diversification is one of government spending, or shoe factories, or television factories, or something in that area.

MR. NOTLEY: Or Bricklin.

MR. KNAAK: Bricklin, that's right. Thank you, Mr. Notley.

MR. R. CLARK: And lamb plants.

MR. KNAAK: If one goes back to the Premier's speech at the beginning of the fall sitting, the areas in which the province of Alberta is diversifying were very clearly point out. If you don't mind, I'll repeat some of them. We're diversifying in heavy oil, in tar sands. We're diversifying in terms of petrochemicals. Even more important, we're diversifying as a head office province. We're diversifying in the area of research. We're strengthening in the area of agriculture by developing new products such as low erucic acid rapeseed. We're developing research in medical research and strengthening the brain sector of the whole economy. We're strengthening the economy through becoming a place of world expertise in offshore and conventional drilling. Surely this government's policy is and has been clear: the area of strengthening and diversifying is in support of our basic industries, where we have a comparative and absolute advantage within Canada.

The second point I wish to make is that the Heritage Savings Trust Fund by its very name is a savings fund. It's not a slush fund, as the opposition seems to think it should be. It's a savings fund. Its primary purpose is to provide a heritage for future generations. The purpose of the fund is primarily to assure that there is income and capital available when non-renewable resource revenues decline. That is its primary objective.

The fact that it can be utilized in an ancillary way to strength and diversify the economy is great. But that's not its primary role. The government, under its basic operating program, has a policy which in fact is eminently successful, as shown by the growth rate both in employment and gross national product.

I almost think I'm sitting here in a dream world when I listen to the opposition speak. Creating greater diversification -- which we already have. We can't stand any more heat in the Alberta economy. In fact if we have a greater strain on our resources than now it will cause very serious difficulty to small businessmen, because there is already a shortage of skilled labor. What is beginning to happen is that our wage rates are being bid up by the heat of the economy to the point where existing strong sectors are now being weakened by the excessive strains put on the economy.

To this suggestion I say, surely it's just make-believe that we're not diversifying and that we don't have an existing diversification policy. It's working. I strongly object to any suggestion that the Heritage Savings Trust Fund now become the instrument of government diversification or even the suggestion that it's not happening now. I would suggest that this committee reject this motion with some indignation.

MR. BRADLEY: Mr. Chairman, to some degree Mr. Knaak has just given my speech, particularly with regard to the first portion of his reference to the speech by the Premier at the opening of the session. In that speech I think the Premier laid out very clearly the government's policy with regard to diversification. I don't see a need for the type of comprehensive plan that is suggested in this motion. I would not support it. I think the whole question here is a matter of debate and philosophy, and we could probably take up the whole afternoon debating it. I wouldn't want to do that.

The only thing I would like to suggest is that there is an inference here, when you talk about a comprehensive plan, that perhaps is the type of planning that is done in some states, Asia and particularly the U.S.S.R. with regard to their five-year plans. I don't think we want to get into that sort of planned economy.

Thank you, Mr. Chairman.

MR. NOTLEY: Mr. Chairman, red herrings, blue herrings, orange and blue herrings -- we have quite a few of them today. We could go into the herring business, indeed. There is all sorts of planning. If you look at almost all the western European countries . . . Since we like to quote the Premier, in his speech he talked about west Germany. No country has more sophisticated planning and inventory, and it's certainly not a regimented state. He also mentioned Japan, and the same argument can be made there.

I don't want to get into that, though. I really want to make two points. The first is this redefinition of the Heritage Savings Trust Fund. No one argues that savings is not an important element. But in 1976 there was clearly no doubt that the diversification of the economy was one of the really crucial arguments that was advanced for the fund in the first place, including the 1975 election when the mandate to bring it in was obtained from the people of Alberta. I don't want to go over a lot of history, but I think we get into the very serious danger of a blind alley if we just emphasize the savings aspect. Savings is very important. But I recall the accumulated surplus of the province during the Manning days. We had an accumulated surplus of \$500 million or \$600 million at a time when our provincial budget was \$250 million and \$300 million. It was a savings plan, a very good savings plan. It was essentially what many members are saying we should have now. It looked very impressive, except that a budget of \$250 million or \$300 million in 1961, '62, and '63 very rapidly became \$500 million, \$600 million, and \$1 billion. So in the late '60s it wasn't long before, in a period of two or three years, our deficits ate up most of the surplus. To suggest that somehow we're going to be guaranteeing the future of Albertans because we have this giant savings fund -- sure, we have a lot of money; we will have a lot of interest money flowing into the Treasury of Alberta. But the heritage we're going to be providing our children and our children's children is a strong economic base that will provide jobs and revenue, tax revenue, not just simply using the money. Sure the money will be of value. But at the same time one has to look at that in view of the inflation rate. One also has to look at what happened to the cash surplus of the province.

The heritage trust fund must be something much more than a savings account. I think it was certainly shown to the people of Alberta, in 1975 and 1976, as being much more than a savings account. And if it's going to be much more than a savings account, we have to have some sort of inventory, plan -- call it what you will -- so we can begin to make judgments.

Mr. Knaak is quite right. There is a very great danger of overheating the Alberta economy. No question about that. But one of the things we have to assess is what is possible in Alberta. Maybe we shouldn't be going ahead with all these big projects at once. Maybe we should be saying, we going to have to delay them in order to achieve other goals. But we're not in the position to make those trade-offs unless we have the kind of white paper that is being called for. That's not U.S.S.R. planning, for heaven's sake. That's the sort of thing that is inevitably going to have to be done by any government. Call it what you will. Japan is a very free-enterprise government, but it does this sort of thing all the time.

It seems to me what we're saying here is a very reasonable approach, and I would ask members to consider it carefully.

MR. R. CLARK: Mr. Chairman, I'll just make two additional points. In responding to Mr. Knaak's comments: as the fund now exists -- and I'm repeating this for Mr. Knaak's benefit -- whether we like it or not, it has two purposes. One is savings, and the other is the concern about diversification. What we're saying here -- and we can use the term "white paper" or whatever -- is that there should be some sort of game plan, a plan which from time to time we look at and say, how well have or haven't we done, or what kind of modifications and adjustments are needed. It would seem to me that not only from the standpoint of the government but of the business community, educational institutions, we all would be somewhat better off. I'm not talking about a regimented plan which would get involved in every economic decision in Alberta -- my gosh. But certainly, with due respect to the Premier's remarks on the afternoon of October 10 -- and depending on where one sits in the House, one looks at those from a little different point of view. But even the most optimistic viewer couldn't really see those as a detailed or a comprehensive plan to achieve the objective of strengthening and diversifying the economy.

You know, I'm rather proud of myself, doing what I think is a fairly admirable job of restraining my political biases here. But I really think it's essential that all of us as Albertans have some idea of what this game plan is, a bit more than what we had in the House on the 10th. As a committee, we need some kind of backdrop against which we can make judgments of how well we are or are not doing in the area of diversification, as one of the two objectives of the fund.

MR. CHAIRMAN: Mr. Clark, because of my inexperience I'm not sure whether this is appropriate, but I would like to remind you and the other members of the committee that this committee has previously passed a recommendation that implies there is a third objective of the fund. You may recall our discussion of the phrase "strengthen and diversify". In this committee I believe we did have a consensus on changing -- I think it was the debt/equity investment recommendation, No. 3, in which we changed the wording to "strengthen and/or diversify".

MR. MUSGREAVE: Frankly, I'm confused. I was a little reluctant to agree to meld these resolutions together, and now the debate seems to be going off on

an entirely different tangent. I'd like to go back -- I can support Mr. Notley's, and I can't support Mr. Clark's. This is the dilemma I have. When I listen to these long speeches I get a little turned off, because I've got something better to do; I've heard it all before. When they're coming from both sides . . .

MR. CHAIRMAN: Mr. Musgreave, when it is time for the question I will be asking the question on an individual basis. But the committee earlier agreed to discuss three of those recommendations.

MR. MUSGREAVE: I know they did, unfortunately.

MR. CHAIRMAN: I still have two names on my list. Mr. Knaak.

MR. KNAAK: Thank you, Mr. Chairman. Now, if the committee will permit I will address my comments to Mr. Notley's recommendation. The first part, about an inventory of not so much goods and services -- well, goods and services economically produced -- it's really a study of the comparative advantage within Alberta. That is being done and has been being done, but if the suggestion is to accelerate the process, commit more energy to it, I have no disagreement on principle. But I wonder whether this should be done by the trust fund rather than by the department. I know the department is working on these kinds of things.

The second part -- my comments are the same as with respect to the official opposition's suggestion. I might say that I think Mr. Clark was restrained in his response to my comments. Nevertheless I do challenge the Leader of the Opposition to provide some positive suggestions in addition to those this government is already undertaking. I would like to see the official opposition come forth with some positive suggestions in areas of diversification where this government is not now active.

MR. STEWART: As the other members have said, most of the things have been said before, and they're not particularly wanting long speeches. But I've got to feel, from my point of view, that when the heritage trust fund was set up the objectives were set up. A large number of programs were announced simultaneously that would be funded from this. We have the opportunity here every year to make recommendations of additional programs where we see, as a committee, that we can agree that they would fit under the guidelines.

The first thing I have to think about is the fact that this economy, because of the nature of our industry, right now is heated up almost to the point that we don't have the manpower, nor do we have the philosophy used in West Germany and Japan when the government decides to make a move in a particular direction. The government of this country creates the opportunity; hopefully people take advantage of it. But the regimentation and the direction that we're suggesting should be done here today won't work under our political system.

As far as I'm concerned, we're just stirring water for the sake of exercise. I think we have an opportunity to make recommendations. The broad range of programs we already have can be questioned in this committee every year, and from that point of view I see no logical need for trying to create another set of details that are going to advise the government on how this fund should be handled.

MR. SINDLINGER: Mr. Chairman, I think that both these, or all these -- I don't know how many motions there are here -- have considerable merit. These motions aren't dealing with . . .

MR. CHAIRMAN: Excuse me. If there is some indecision in your mind, we are addressing three recommendations: the first two in the policy section, submitted by Mr. Notley, and the first attachment to the October 15 submission of the opposition.

MR. SINDLINGER: All right, I understand that.

I believe these motions have merit. I don't believe they are dealing with diversification or strengthening the economy as such. They are dealing with the role the heritage fund plays in those things, and the plan for the use of the fund in those things. Now when Mr. Hyndman appeared before us for the second time, under examination by this committee he said there wasn't any plan or definite role defined for the heritage fund in future diversification or strengthening of the economy in this province. The point made at the time -- and there seemed to be some sort of consensus -- was that the investment was being on an *ad hoc* basis. If we think our economy is heated up now, it's going to be heated up a heck of a lot in the future if we keep on investing on an *ad hoc* basis. There has to be some co-ordinated, planned, concerted strategy for the development of this province. At this time that plan does not exist. As evidence of that, Mr. Chip Collins -- I don't know his role in the government . . .

MR. CHAIRMAN: Deputy Provincial Treasurer.

MR. SINDLINGER: Thank you. He stated at the heritage trust fund conference held at the University of Alberta last week that he was there as a government representative looking for ideas on how this could be accomplished.

Therefore I believe these recommendations have merit simply from the point of view that they ask for definition of the plan and the role of the heritage fund in the economic activity of this province over the next five years, for example. But we're not talking about which way we're diversifying now or what particular project we're concerned with. The focus in these motions is the role and the plan. The question is, what is the role and the plan of this fund in this province's economic activity over the next decade?

SOME HON. MEMBERS: Agreed.

MR. PAHL: Mr. Chairman, I have to agree whole-heartedly with what Mr. Sindlinger says, except that it has not the mandate of this committee nor funds from the Heritage Savings Trust Fund. When we take our assessment and develop our guidelines -- and I thought that was well spoken to by many members, with the understanding that there was possibly room for this committee to perform a legitimate function beyond this first task, and that was under the ambient of perhaps selecting a consultant to look at the performance of the investments and to perhaps suggest some criteria with which they would be evaluated. But to have the tail wag the dog, as it were, I think is entirely inappropriate to the legislation of the Heritage Savings Trust Fund and to the mandate of this committee.

MR. R. SPEAKER: Mr. Chairman, I just want to say that I totally endorse what Mr. Sindlinger has said. That is certainly the way I feel about it. We need

a frame of reference to look at as we move ahead. Either we as a committee can provide it, if we want to work out a frame of reference, but I guess in this case we're saying to the government, would you provide the frame of reference that you will use so that we can examine it.

MR. NOTLEY: Mr. Chairman, Mr. Sindlinger has put the case very well. Mr. Pahl says the tail shouldn't be wagging the dog. In this case the tail is not wagging the dog; the tail is simply asking the dog if we can have some idea where we're going. That's not entirely a bad function for the tail.

It seems to me that our mandate is to make recommendations. One of the most reasonable recommendations we could make is to have some context in which to judge Heritage Savings Trust Fund investments. It's not a case of our saying -- as a matter of fact, this is a more reasonable suggestion than some of the others. We have made much more direct suggestions, that you invest money here, there, and elsewhere, in some of the other ones. Here we're saying we want the government to come forward with, if you like, a game plan or an idea of what the options are. I think that's straightforward. We are probably getting into a long discussion. The arguments have been presented. It seems to me that we should have a vote.

MR. CHAIRMAN: I have two names left, Mr. Knaak and Mr. Musgreave.

MR. KNAAK: Thank you. I'll make this very short, Mr. Chairman.

I just want to say that I don't have the same view of this government's planning process as Mr. Sindlinger. I think this government has done everything reasonably possible in the area of diversification and planning. It doesn't mean more can't be done.

But the real point, and the point that is so easily overlooked, is: we are a free-enterprise government. We create an environment for diversification. If you accept that premise, that you create an environment for diversification -- for example, a reduction in the taxation of small business -- there's only a limited process of government initiative in stimulating diversification. Again, I go back to the shoe factories and the television programs. If we look at it from that perspective in the environment that we are in -- we're not in Russia, where you really get into it and set up an industry. We're really going astray when we don't accept that as a basic premise.

MR. R. CLARK: Mr. Chairman, I say to Mr. Knaak and hon. members that there's nothing contrary to my perception of the free-enterprise system to say that the Provincial Treasurer knows where he's going as far as diversification is concerned. My colleague from Little Bow says the game plan could go some extent to ensure that the government doesn't get more involved in the competitive free-enterprise system.

MRS. FYFE: I'm becoming a little confused in the discussion, and I would prefer to go back to the motions one by one. I hope the discussion would not be too prolonged. If there is a need to amend them, or if they wish to be incorporated, maybe we can't do this today. I would hope we would get through these. I would prefer to go back. Let's vote on them and see where we stand.

MR. CHAIRMAN: The Chair is quite prepared to move back now for the questions, but not for further discussion on an individual motion.

Beginning then with Mr. Notley's Recommendation No.1, which refers to the inventory followed by the tabling of a white paper. Those in favor of the

motion. Mr. Notley, Mr. Clark, Mr. Musgreave, Mr. Sindlinger. Those against the motion. Mr. Pahl, Mrs. Fyfe, Mr. Stewart, Mr. Knaak, Mr. Bradley. That recommendation is defeated.

Moving to the policy and legislation section, Recommendation No. 2, submitted by Mr. Notley, that the Act be amended to clarify that diversification is the primary objective. Those in favor of the recommendation. Mr. Notley. Those opposed. That recommendation is also defeated.

Turning now to the recommendation dated October 15, entitled Economic Diversification, bearing in mind Mr. Clark's amendment, which in fact reduces the recommendation to the final paragraph. Those in favor of this recommendation as amended. Mr. Speaker, Mr. Clark, Mr. Notley, Mr. Sindlinger. Those against the recommendation. Mr. Musgreave, Mr. Pahl, Mr. Stewart, Mr. Knaak, Mr. Bradley, Mrs. Fyfe. That recommendation is also defeated, albeit narrowly.

Turning then to policy and legislation Recommendation No. 3. Mr. Sindlinger, did you wish to speak to your recommendation?

MR. SINDLINGER: A very quick comment, Mr. Chairman. When the Minister of Housing and Public Works appeared before us, I was appalled that he wouldn't acknowledge the fact that agencies under his purview received something like \$800 million from the heritage trust fund. So I think we ought to have a recommendation that stipulates that agencies, corporations, or whatever receiving money from this fund acknowledge it. For example, parks built by the heritage fund ought to have a sign saying so. That's all I have to say.

MR. KNAAK: I wonder whether the suggestion can't be amplified. I certainly agree, and I think it was a suggestion of the chairman some time back outside this forum that not only do you acknowledge the trust fund's contribution but develop a logo or symbol which can be identified as a Heritage Savings Trust Fund contribution. I wonder if Mr. Sindlinger would or is planning to incorporate that. Maybe the chairman could comment on whether he would like to speak to that point here.

MR. CHAIRMAN: Mr. Sindlinger apparently has no desire to speak to that suggestion. Any other comment?

MRS. FYFE: I would support the motion as far as the first sentence. The example should be removed from the motion. If we wish to broaden it, that parks et cetera are incorporated, I think it's better just to state that principle.

MR. CHAIRMAN: The "Discussion" is for purposes of discussion in committee, and would not be included in the report. With that understanding then, those in favor of the recommendation. Those against. There appears to be unanimous passage.

Recommendation No. 4, Mr. Notley.

MR. NOTLEY: Mr. Chairman, I really think Recommendation No. 5 should have come before 4. No. 5 simply argues that there should be prior legislative appropriation. No. 4 is somewhat of a fall-back situation, I guess I would have to say: that if the principle of prior approval is not accepted one can make the argument that at least on some of the larger investments . . .

On the second point -- perhaps you might deal with both at once so we can move more quickly -- I would remind members that one of the most famous political events in the history of Canada was the pipeline debate in 1956, where the House of Commons had to pass legislation to back the trans-Canada pipeline venture. That would not have been required if there had been a Heritage Savings Trust Fund for Canada in those days. We probably wouldn't have had the meteoric rise of John Diefenbaker, and a lot of Canadian history would have been different -- perhaps even the history of this province, considering that the Tory party was not exactly a household word before Diefenbaker came on the scene.

Notwithstanding that, and I'm trying to be as non-partisan as I can, it comes down to a reassertion of a position I feel very strongly about: there should be prior approval. I don't suppose we need to take a long time to debate it. I have submitted recommendations on this matter before and not been successful. But I don't think it is fair to other members of the committee to raise these issues outside if you don't raise them inside, however repetitive raising them inside may be. Here they are again.

MR. CHAIRMAN: Any comments on Mr. Notley's prior legislative appropriation recommendation, or the fall-back recommendation?

MR. PAHL: I appreciate Mr. Notley's courtesy in raising things here as well as outside. I guess I have to sort of take the time to reflect the other side. I can't imagine how Quebec Hydro, for example, would want to have their AAA bond rating subject to public scrutiny for we don't know how long in the Legislature -- I know they're not a private company, but the parallel's very close -- and negotiate, in effect, an 11.6 per cent loan for \$200 million. It just can't be done. When you're in the business of lending money for a return to the people of Alberta, you treat it like a business. I appreciate his defense of what he's saying, but I think the other side has to be reflected as well.

MR. R. CLARK: Mr. Chairman, I'd make two very quick observations to Mr. Pahl and other members who feel there's no conceivable way that could be done. Might I suggest, for your edification over the weekend, the comments made by the former Member for Calgary Buffalo, who sat in the second row right back there and pointed out to the Premier explicitly how that could be done. I won't go any further, but it was a very effective presentation by the hon. member.

The other point is that in the two minority reports that the official opposition has tabled in the last two years, we've spoken to this point. As I indicated to members earlier in discussions, we didn't plan to bring forward the point again -- if I may use the term with great respect, Mr. Notley. But no member should take from the fact that we didn't bring it forward again that we don't feel as keenly as we did in 1976 that the Legislature should have supremacy over the Heritage Savings Trust Fund. MR. KNAAK: Mr. Chairman, members probably know that last Friday afternoon this subject matter exactly on the motion Mr. Notley introduced -- and I didn't see any of the non-government members at this session. It was called accountability on the Heritage Savings Trust Fund. The three professors basically made the same point, I think, in a more elaborate way than Mr. Notley is making it today. No government member really responded to the three professors at that time. Yet there was unanimous public reaction against that proposition from the

business community and the other academics there. There was basically no support that I could identify for these three professors' position.

The question of accountability is in the Act, including this committee. But the real accountability of the management of this fund, in addition to this committee -- the appropriation we're going through in the House now on the capital division comes at the end of every four years. Aside from being surprised that no one from the opposition was there for the discussions, I can say that it is just unrealistic, from a practical point of view, to have prior approval on investment decisions. The argument that the government is not accountable for its decisions through the safeguards we have now is just not accepted.

MR. R. SPEAKER: Very quickly, number one, we did have someone monitoring that conference, a researcher. Our report from that conference is that that was not the way the group of people there felt. They felt somewhat aligned with the argument that there could be legislative approval for those projects. So I think we'd have to argue about interpretation. We were informed what went on at that meeting.

The other point I wanted to make, and this is with regard to the point at hand and Mr. Pahl's: the loan to Quebec, after it had been negotiated and placed on paper, the agreement could have been finalized with the approval of the Legislature. A Bill, resolution, or whatever could be brought before this Assembly, and we could debate the matter as such at that time. It's either accepted as brought to the Legislature or rejected, but we as the Legislature would have approved the funds. So there is a procedure through which it can pass.

MR. NOTLEY: I just want to make a couple of points. I reassert the point Mr. Speaker made. We usually could have handled the example that has been brought to our attention. With respect to the conference at the university, sponsored by the faculty of economics, I believe, and the Alberta government, Mr. Knaak would be well aware that a number of the people there have reasonably close political connections to me, so I think it goes without saying that I have a pretty good idea of what went on.

However, I do want to make it clear that I had some concern, and I think I even mentioned it publicly at the time, and I don't mind mentioning it again today, that it was the university putting on this sort of seminar. There's nothing wrong with that; I commend them for doing it. But I think the initiative in reviewing the heritage trust fund and developing the high profile we need of constantly keeping on top of this fund must lie with this committee. The University of Alberta doesn't have a mandate in the legislation; we do. At the last meeting Mrs. Fyfe suggested we might have a symposium. I really think the initiative, in terms of the evaluation of the savings trust fund, has to come from our committee.

MRS. FYFE: I'll be brief too. We're looking at loans, in this specific motion, in excess of \$25 million. I can't imagine any government agency or business wanting to borrow money from our fund, in which we hope to get the maximum interest rate, and know that this would be debated publicly in the Legislature. I have never heard an example of such poor business sense, in my judgment. Second, the time factor involved in making a decision -- I think it's totally inappropriate, and I urge us to vote on this.

AN HON. MEMBER: It's my money.

MR. CHAIRMAN: Mr. Appleby, we are discussing recommendations 4 and 5 in the policy and legislation section.

SOME HON. MEMBERS: Question.

MR. CHAIRMAN: Ready for the question? Those in favor of Recommendation No. 5. Mr. Clark, Mr. Speaker, Mr. Notley. Those not in favor. Mr. Musgreave, Mr. Sindlinger, Mr. Pahl, Mrs. Fyfe, Mr. Stewart, Mr. Knaak, Mr. Bradley.

MR. APPLEBY: Not having heard the discussion, Mr. Chairman.

MR. CHAIRMAN: An abstention on the part of Mr. Appleby. Referring then to what Mr. Notley described as his fall-back recommendation. Those in favor of Recommendation No. 4 as worded. Mr. Notley, Mr. Clark, and Mr. Speaker. Those against. The balance of the committee, with Mr. Appleby abstaining. Turning then to Recommendation No. 6. Mr. Sindlinger, comment?

MR. SINDLINGER: No, thank you.

MR. CHAIRMAN: I'd like to give the members of the committee a moment to read the discussion paragraph in Mr. Sindlinger's recommendation, just to acquaint themselves with the principle. Then I'll call for the question, unless there's discussion.

MR. KNAAK: Mr. Chairman, members of the committee, I've had discussions with Mr. Sindlinger on this point. I like the principle we discussed and the thought behind this notion. One of the real difficulties in this notion has been the ability to translate into words what Mr. Sindlinger attempted to accomplish. So I might say that although I support what Mr. Sindlinger is trying to accomplish with this recommendation I sense a difficulty which is almost insurmountable -- because I know he has worked on this several times -- in trying to get that into words.

MR. R. CLARK: Mr. Chairman, we may not agree but I can appreciate what Mr. Sindlinger has in mind here. It seems to me that the bottom line has to be the standard accounting procedures as ascertained by the Provincial Auditor. I don't think we can fudge the figures.

MR. PAHL: Mr. Chairman, I agree with Mr. Clark's point of view that the funds have to be accounted for, but I also feel that Mr. Sindlinger's point is well taken inasmuch as we're sort of inflating the thing with unusable numbers. I would submit that there should be an accounting, certainly, of all funds expended. Once something is placed into a deemed asset -- for example, I don't think anybody's going to sell off the Capital City park or the Fish Creek park once completed.

MR. R. CLARK: inaudiblej

MR. PAHL: Well, I think it's creating an unreal impression to leave it there.

MR. R. CLARK: It's an asset of the fund.

MR. NOTLEY: I think we have to stick with the accounting procedures we have. I'm rather concerned if in any way we stray from those.

MR. CHAIRMAN: Is the committee ready for the question?

MR. SINDLINGER: For clarification, I believe this accounting practice was incorporated after an initial accounting period and wasn't part of normal procedure in the first accounting years. Just for you information, Mr. Notley.

MR. CHAIRMAN: Those in favor of Recommendation No. 6 please signify. Mr. Sindlinger and Mr. Pahl. Those opposed. The remainder of the committee present. Thank you. I'm sorry, Mr. Knaak.

MR. KNAAK: I'm going to abstain, because I support the idea and not the wording.

MR. CHAIRMAN: Gentlemen and Mrs. Fyfe, we have two recommendations remaining: Mr. Bradley's, dated October 15, and the second opposition recommendation, also dated October 15.

MR. R. CLARK: Mr. Chairman, the second opposition recommendation deals with the question of taking on staff. In light of the decision made earlier today, it would seem to me that that would flow into the next meeting of the committee when we look at the operations of the committee for the next year.

MR. CHAIRMAN: It also, of course, closely parallels the recommendation we've passed that this committee be authorized to retain consultative assistants on a project basis.

That leaves Mr. Bradley's recommendation. Would you care to speak to that recommendation, Mr. Bradley?

MR. BRADLEY: Yes, Mr. Chairman. Basically my recommendation suggests that we should be looking at picking up the costs of infrastructure to develop major destination areas with regard to strengthening, I guess, our tourist industry in the province. At present we are in fact carrying on this practice in terms of infrastructure costs in Kananaskis Country. I'd like to extend that to other areas of the province which could benefit from this sort of investment. I look at Grande Cache, areas in my own constituency in the Crowsnest Pass, and the Drumheller area, where if we were to pick up costs of infrastructure -- costs that normally the business community would not be expected to pick up -- we could speed up this process in those areas. It would be a worth-while investment for the future.

MR. CHAIRMAN: Comment on Mr. Bradley's recommendation? Ready for the question? Those in favor of Mr. Bradley's October 15 recommendation on economic diversification, please signify. Mr. Notley, Mr. Pahl, Mrs. Fyfe, Mr. Stewart, Mr. Knaak, and Mr. Bradley. Those against. Mr. Musgreave, Mr. Sindlinger, Mr. Speaker, and Mr. Clark. That recommendation is passed.

Mr. Sindlinger, did you wish to speak to the resolution that you and I discussed earlier in the day, or have you been satisfied on that?

MR. SINDLINGER: I'd like to speak to it, please.

MR. CHAIRMAN: Do the members of the committee have copies of your resolution?

MR. SINDLINGER: No, they haven't. With your permission I'll distribute them now.

Mr. Chairman, thank you for the opportunity to speak to this resolution, or at least bring it up. In view of the comments made today, I think this comment takes on a greater perspective than I envisioned at first. I've sat here this afternoon and heard comments such as that it's the responsibility of this committee to be on top of the trust fund, not the academic community at the University of Alberta or any other such extraneous organization. I've heard people say today, when we take our assessment of this fund to the Legislature. I've heard people talk about our frame of reference for that assessment. We had a lot of difficulty with this at the beginning of these committee meetings -- what we were supposed to do. I think we can take a very specific look at this fund. I'd like to distribute something else which I hope will illustrate the point I wish to make now in regard to this resolution.

Mr. Chairman, would it be more appropriate to make the resolution before getting into this discussion, or shall I discuss this second document and then move the resolution?

MR. CHAIRMAN: I haven't yet seen the second document, so it's difficult for me to render a judgment. Do the members of the committee appreciate the distinction that this is not a committee recommendation, deadlines for which of course have long passed? Could you just speak to the objective of this submission at this late date, Mr. Sindlinger. What do you hope to achieve?

MR. SINDLINGER: This topic came up before, Mr. Chairman. It's come up again today. How do we exactly assess what the heritage fund has done? How do we assess the investments that have been made in the heritage fund? What is our frame of reference? I think the frame of reference is quite clear. The Act says that we have to invest these funds, or the funds should be invested, to achieve certain goals. The discussion we had earlier in the committee meetings was, just how do you do that precisely?

This document you have before you, Irrigation Rehabilitation and Expansion, draft not for distribution, demonstrates how that assessment or examination can take place. I'd like to refer committee members to page 4, please. It is a summary table. It summarizes the impact of the heritage fund investment in irrigation. If I can lead you through, the first column discusses the new irrigated acreage; that is, as a result of the investment in irrigation. There are 23,000 new acres available for crops because of the investment. Looking at fund expenditures, the entire project will take \$90 million. Now the expenditure of those funds will create income in Alberta. Direct construction costs will be the \$90 million. The new crops will have values of \$267 million. The total benefits, including those direct and indirect benefits, will amount to \$357 million. So you see from the table that from an investment of \$1 in irrigation projects there is a return of \$9.50. That says to me that there is a cost/benefit ratio for this investment of a \$9.50 return for \$1 expended. I now have a clear indication in my mind of the impact of that investment in irrigation.

Then I can look back at the Act that says the investment should provide a long-term economic or social benefit. The Act says it should yield a reasonable return or profit to the trust fund, or the investment should strengthen and diversify the economy. I can say with some degree of certainty now that that investment has benefited the province. There are long-term and social benefits. It has yielded a reasonable rate of return or profit, and it

has strengthened and diversified the economy of Alberta. However, until I did something like that I didn't know.

This brings me to the question of this report. In regard to the report we present to the Legislature, I believe it should have two parts. One part is in regard to the investments and the annual report -- that which has come before us up to this point in time. The second part ought to deal with that which is going to come after: the future. We have dealt with the future, in that we've come up with recommendations for the trust fund. We've spent the last few weeks doing that. However, in regard to the past, in all the committee meetings I've been at -- and I've been at all except one -- I have not yet heard the question posed formally to the committee: does this particular investment, this project, or the whole investment of the fund provide long-term economic or social benefits to the people of Alberta? Nor has the question been formally posed: does this particular project, investment, or the whole fund yield a reasonable return or profit to the trust fund? Finally, the question hasn't been posed to strengthen and diversify the economy of Alberta.

Now our specific responsibility, according to the Act, is to answer those questions. I would prefer that we went into greater detail in getting to the answers to those questions. But my interest in seeing that report prior to its going to the legislature is to see whether those questions are addressed. Does the report to the Legislature say that yes, the fund has provided long-term economic and social benefits; yes, it does yield a reasonable return or profit; yes, it does strengthen and diversify the economy of Alberta; or no, it doesn't? That is the central question this committee must address itself to. Has the use of the fund met these objectives?

There is no other way the fund can be assessed other than through those terms or objectives. They are the only frame of reference we have. I think it's very important that we demonstrate to the people of Alberta and Canada that we have assessed that fund in those terms, looking at that frame of reference, and incorporate that in our report. That's the purpose of the resolution I have just distributed. Thank you.

MR. CHAIRMAN: Did you wish the committee members to discuss this, or accept it as a document for their consideration between now and the next occasion we meet?

MR. SINDLINGER: I'd like to move it at this time.

MR. CHAIRMAN: Any discussion of Mr. Sindlinger's resolution?

MR. MUSGREAVE: I wouldn't mind seconding his motion, but then I would make a tabling motion to give us an opportunity to take it and study it and come back. But I certainly think it should be on the table for discussion.

MR. CHAIRMAN: Okay, we have Mr. Sindlinger's motion and its implied amendment by Mr. Musgreave, and seconded by Mr. Musgreave, that this documentation be tabled for consideration by the members until this committee meets again.

HON. MEMBERS: Agreed. MR. CHAIRMAN: That brings me to the conclusion of my agenda. However, I did want to say that we as a committee have met, I think, on 18 occasions in the last seven weeks. It's been a very hard-working committee, and I have very much appreciated my association with the committee.

With that, then, I will entertain an adjournment motion. Mrs. Fyfe, Mr. Pahl. Thank you.

The meeting adjourned at 2.43 p.m.