

Standing Committee on The Alberta Heritage Savings Trust Fund Act

Tuesday, October 14, 1980

Chairman: Mr. Payne

9:05 a.m.

MR CHAIRMAN: Good morning, committee members. I applaud you for your punctuality and your devotion. I would like to bring this meeting of the select committee to order.

I'd like to advise members of the committee that Mr. Trynchy will be joining us in the Chamber at 9:15 to discuss the material that he provided to the committee in his memorandum to me dated October 3. Prior to meeting with Mr. Trynchy, and following our meeting with Mr. Trynchy . . . Yes, Mr. Clark?

MR R CLARK: Where is the information from Mr. Trynchy? Has it come yet?

MR CHAIRMAN: I believe it was sent to your office last week, but we could certainly make another copy available to you. We'll just have some additional copies made, then.

But prior to and following our meeting with Mr. Trynchy this morning, I wanted to devote much of the morning to dealing with those recommendations in the earlier sections of the recommendations compilation that have been deferred for various reasons, the first of which is Recommendation I.3 on deemed assets. You may recall that that recommendation, which had been submitted by Mr. Knaak, paralleled to a certain extent the recommendation submitted by Mrs. Fyfe. Now that Mrs. Fyfe has joined us, I'll give you a moment to get your thoughts together, Mrs. Fyfe, and I'd like to ask you if you're still prepared to have your Part 1 recommendation discussed simultaneously with the discussion of Mr. Knaak's Recommendation I.3.

Mr. Knaak, Mrs. Fyfe has indicated that she is still agreeable to combining these two recommendations for discussion purposes. Would you like to reacquaint the members of the committee with your interest in making the deemed assets recommendation.

MR KNAAK: Thank you, Mr. Chairman. The purpose of the recommendation related basically to the purpose of the fund. It will be recalled that my interpretation of the purpose of the fund is to provide more or less a savings bank approach so that when the royalties from exhaustible resources decline, funds are available both from an income point of view initially and then the using up of the capital of the fund to fund government expenditures on programs now in existence or new ones.

The Act includes in its definition capital assets that don't earn an income or, by their nature, are not expected to be sold as assets of the fund. I think what that leaves us with is a number that does not represent -- in other words, it inflates a number and does not represent the amount of moneys that will be available at some point in the future for the use of the government and a future generation of Albertans.

I don't have a problem with leaving deemed assets in the fund, but I think it should be more clearly demonstrated and pointed out -- the size of the fund that's left over at a future point of time that is available to the government, both from which the income can be used and, at some point, the capital to fund government programs. It's for that reason that I think the

capital projects division of the fund should be eliminated, in a sense, to allow the identification of that amount of capital that's available for future use.

MR CHAIRMAN: Thank you, Mr. Knaak. Mr. Stewart.

MR STEWART: Mr. Chairman, I have to agree with this recommendation. I think that as time goes on and more and more capital projects are identified and completed utilizing Heritage Savings Trust Fund capital, the remaining portion of the fund which is actually liquid is going to be . . . There has to be a better explanation to the public. I don't think the public perceives the fund in any terms other than the dollars that are expressed. As we expend money from the fund into capital projects that have no monetary return to the fund, we're creating an unrealistic figure that, from the public's point of view, will be hard to explain. I think that any moneys that are invested in capital projects that are for the use of Albertans but will not show a monetary return should be clearly identified in dollars but not be held as deemed part of the Heritage Savings Trust Fund value from that point on.

MR CHAIRMAN: Thank you. Mr. Clark, did you care to make any comment on this recommendation?

MR R CLARK: No.

MR CHAIRMAN: Any other committee members? Ready for the question? Those in favor of Recommendation I.3? Mr. Knaak, Mr. Stewart, Mr. Appleby. Those opposed? Mr. Musgreave.

Good morning, Mr. Bradley. Mr. Bradley, I should just bring you up to date. We have just concluded a very brief discussion of Mr. Knaak's deemed assets recommendation in section I. I believe it is No. 3 in that section. I appreciate that you haven't had the benefit of Mr. Knaak's comments today, but I believe you were present in the House when Mr. Knaak made his comments at the time of his introduction of his recommendation.

Incidentally, I think the Chairman has erred somewhat in calling for the question so promptly. I did so because there appeared to be no further comments on Mr. Knaak's recommendation. I had of course forgotten that Mrs. Fyfe's first recommendation in that section has a parallel. Perhaps it would be appropriate, Mrs. Fyfe, for me to ask if you would like to comment now either on Mr. Knaak's recommendation or your own.

MRS FYFE: Thank you, Mr. Chairman. I don't think I can add too much further to comments I made previously. My basic concern with these two recommendations is that we do have an accounting fund set out that gives the true picture of funds that can be used to offset future expenditures, and that any accounting of expenditures within the capital projects be set up in a way that Albertans could understand the funds that have been spent, because we have money from depleting resources, but that it be shown in that category and not as something that can be sold and realized in a value. I suppose it's a slight change in policy from previous accounting procedures, but I do certainly support I.3.

MR CHAIRMAN: Mrs. Fyfe, I must admit that I'm not entirely clear on your wishes as to the disposition of your own recommendation. Are you prepared to let it pass, or did you wish to leave it stand as a separate recommendation?

MRS FYFE: Well, I believe that I.1 is incorporated within the broader context of I.3. If I.3 is passed, then I think that will also take care of I.1.

MR R CLARK: I'd like to direct a question to Mr. Knaak. Mr. Knaak, in essence are we saying here that those projects would really in fact cease to be reported as part of the Heritage Savings Trust Fund? Is that what we're talking about?

MR KNAAK: I think what would end up happening is that you'd have two kinds of description: the total amount of money invested pursuant to the Act, and then you'd have a different definition of the fund where in future the fund isn't the total assets any more but really begins to be defined as that portion of the total historically invested funds that can be used by the people of Alberta in future to fund government programs. In other words, it basically eliminates the capital projects division. So we redefine "fund" to exclude the capital projects division, for the reason that we want a number that identifies what amount of money is available in the future for the use of Albertans through their government. You'd still need to be able to identify in the report the amount of money that's invested under the capital projects division as a number. You'd certainly want to be able to identify that and keep a record of it.

MR R CLARK: Just to follow along. Mr. Knaak, given that fact that the fund is going to be something like \$8 billion at the end of this fiscal year, how would you see the report looking for this year?

MR KNAAK: The fund would not be \$8 billion. First of all, we'd need to have two definitions. But basically the amendment would assure that the number we identify might be in the neighborhood of \$7 billion, say, and \$7 billion would then be the assets available for the future use of this government and the people of this province. That's the concept. And \$1 billion would be the total invested in the capital projects division up to date, which you can still report as the total amount of moneys invested in the capital projects division, but you don't lump them together to give the impression that the people of Alberta have \$8 billion available to them for future use. What's available is \$7 billion, not \$8 billion.

MR R CLARK: Mr. Chairman, could I ask what may appear to be a very cruel question, but it's not meant that way the day after Thanksgiving. Is this done to enable Albertans to understand better what the fund is all about, or to have people outside Alberta know that there isn't as much to invest as they might think there is?

MR KNAAK: Well I think basically the purpose of the recommendation is to clarify what the fund is. The fund has two components. One is the capital projects division, the investments of which are intended to benefit Albertans but without generating a financial return, such as the parks. The second major part, other than the capital projects division, is to be invested, to earn more or less a commercial return, and to be available for future generations, both for the income for the use of the fund and the capital at that point in time. The purpose of this amendment is to give a clear conception of the difference between the two.

MR CHAIRMAN: Mr. Notley, did you have a question?

MR NOTLEY: Mr. Chairman, just a couple of things. I think perhaps Mr. Knaak has partly answered it. So as I understand the annual report now, we would no longer have the capital fund set out in the assets, but there would be a full description of the capital fund, including all the moneys that have been committed or will be committed by the Legislature. Is that correct? I'm just trying to get a reading on how the average Albertan would now view the heritage trust fund report if we passed this amendment and if the government then acted upon it.

MR KNAAK: Well I was just trying to find the page in the annual report. It's on page 5. The last portion, the way I understand it, is \$733 million, which are the total investments of the capital projects division. Everything but the \$733 million remains available to future generations of Albertans for their use as an investment from which they can derive the benefit of the income and, at some future time, to draw down the capital. The \$733 million, the capital projects division -- there's no intention that the parks be sold and the assets realized, and there's no intention that they generate a money income to Albertans. We derive a different kind of benefit from that. Conceptually, they should be broken down or separated out so that there's a clear understanding of what portion of the fund is available for future Albertans and what in fact has been invested in the capital projects division.

It seems to me -- and someone in the Department of Treasury will have to address themselves to that concept. I would think that both items would have to be identified, but in future when you talk about the fund in sort of the layman's context, in my view the fund should only represent those assets that can be realized at some future time by Albertans and from which you earn income. But at the same time I think you should clearly set out the capital projects division, and you should also clearly set out the total amount that has been generated by the Legislature under the Heritage Savings Trust Fund legislation.

So the main emphasis here is that when we use the word "fund", "fund" to me is a pool of capital and we only talk about that portion of the money that's available at some future time to Albertans.

MR NOTLEY: Are there not, when we look at our capital works projects, though . . . I realize that in the case of all of them it would be very difficult -- you can't sell them as such; you can't sell an irrigation project or the Paddle River project or the parks. But on the other hand, in varying degrees these capital works projects have capacity to earn money. One of the arguments that is raging over the ECA report right now is what is an appropriate return for the public investment in irrigation. How do we then distinguish that, if we say these things no longer have a deemed asset if they have the potential to be money earners at some point?

MR KNAAK: There's no question that they generate a benefit to Albertans, or else those investments wouldn't be made. There's no question that the report will always be able to identify the capital projects in a meaningful way and in a way indicating that they are beneficial to Albertans.

The purpose of the recommendation is to assure that when we talk about the fund being \$8 billion or \$6.4 billion, we don't confuse in our own minds and we are able to clarify for the public the fact that there isn't \$6.4 billion in the fund to be used by Albertans at some future date. In fact, \$6.4 billion minus \$733 million is available. It's merely to give a better indication of what's available in the future. In fact, I suppose what that would mean is that the annual report would become slightly more detailed to give a little bit more elaboration of the distinction.

MR NOTLEY: Providing there is no change in terms of the report as to the responsibility, even though the capital works division is approved by the Legislature, I think it's very important that this annual report contain all the estimates and the accumulated expenditures, and that in any discussions we have where we're talking about multiyear projects such as Kananaskis, that we'll get into a few minutes later, that kind of information be made available fully to the watchdog committee. So I'm a little bit nervous about words such as "amended to remove the provision that deemed assets constitute a portion of the Fund". I certainly don't argue seriously with the suggestion that because we can't sell them it's not going to be there to turn into cash. But I wouldn't want any inference to come out of a recommendation like this that there would be anything other than a full and total report on what in fact has been allocated and that the committee or future committees such as this one would have every opportunity completely in every possible way to discuss, examine, probe, and assess the investment.

MR CHAIRMAN: Well certainly the Chairman accepts that comment, and I suspect the mover of the recommendation does as well.

MR KNAAK: Yes, there was no suggestion at all that information be limited or reduced. In fact I see this suggestion requiring additional information rather than less.

MR CHAIRMAN: Any further discussion of Mr. Knaak's recommendation? Those in favor? Those opposed? It carries.

For our own recordkeeping, hon. members, would you please indicate that Mrs. Fyfe has withdrawn Recommendation I.1.

MR CHAIRMAN: Mr. Trynchy, I apologize for that delay. Your Chairman hadn't expected that much discussion of what appears to be an important principle to the committee. On their behalf, welcome to the Chamber. I'd like to confirm that all members do now have a copy of Mr. Trynchy's October 3 memo to me. The subject is simply the identification of the trust fund, but the subject matter of the memo is in fact operating costs of the Kananaskis project. I assume you all have it. Do any members have questions they'd like to direct to Mr. Trynchy? Mr. Clark.

MR R CLARK: Mr. Chairman, to Mr. Trynchy. With regard to the memo, Mr. Trynchy, the projected operating costs as defined in '77 dollars -- how do those projects look now in light of events since that time?

MR TRYNCHY: If I understand the question: how do they work out in actual dollars?

MR R CLARK: Yes, does it look like they're . . .

MR TRYNCHY: Yes, you should be aware that the estimates I provided you were just for parks. Since the Kananaskis is now taking shape, we've also included in our operating costs Fish and Wildlife, Alberta Forestry, Transportation, and Travel Alberta. But in actual operating cost, in 1977-78 the estimate was \$535,000; the actual dollars were \$711,778. In 1978-79 the estimate was \$1.9 million; the actual dollars were \$1,098,976. In '79-80 the projected figure

was \$3,650,000; the actual dollars were \$2,749,259. In 1980-81, projected, as you see, \$3.6 million; our estimated figures are \$4,500,000. In '82-82 we feel we'll be within \$4.5 million. Now that's Parks operations. If you want the total cost for Fish and Wildlife, Transportation, Alberta Forestry, and Travel Alberta along with the Parks, I have that too.

MR R CLARK: Please.

MR TRYNCHY: Okay. If you want a breakdown, Mr. Chairman, I can provide that. In 1977-78 the total cost: Fish and Wildlife was \$236,610; Parks, as I mentioned, was \$711,000; Alberta Forestry was \$1,119,000; Transportation was \$64,182. In '78-79 Fish and Wildlife was \$363,000 -- I'll round these off close to the actual dollar -- Alberta Forestry was \$1,120,000; Transportation was \$107,800; and Parks was \$1,098,000. In '79-80 Fish and Wildlife was \$427,985; Parks, \$2,749,259; Alberta Forest Service, \$1,410,429; Transportation was \$244,039; and Travel Alberta was \$25,688, for a total of \$4,857,400. For 1980-81 -- now this is projected, because we don't have the results yet -- Fish and Wildlife should read about \$1,500,000; Parks, \$4,500,000; Alberta Forest Service, \$2,260,000; Transportation, \$235,000; and Travel Alberta, \$53,000. That's a total of roughly \$8,614,000. For 1981-82 the breakdown is somewhat similar. The total cost would be \$8,900,000. That's projected cost.

MR R CLARK: Thank you, Mr. Minister. The second area I wanted to explore is that in the discussion when you appeared before the committee before, you indicated that since the initial concept was developed a number of things have been added. Are you in a position to be able to give us a breakdown as to what things have been added? I have the publication from the department that was released in '77 or '78 about the number of campsites and all that. Do we now have something put together to compare that original proposal with what we have now?

MR TRYNCHY: Yes, I'm working on it, Mr. Chairman. I should have it when I bring the estimates down this year. I'll have a total package of what the first announcement was and today's results, broken down, and what was expanded -- the whole package. But I don't have it complete yet because I'm still working on some documents. I don't have all the figures. I will have the total package whenever I come forward with this year's budget.

MR CHAIRMAN: Mr. Clark, a supplementary?

MR R CLARK: Yes, Mr. Chairman. Mr. Minister, one of the areas where some concern has been expressed to me is this question of public access to the lake, especially that area of the lake where there are cabins. What's the situation with regard to the public's access to the lake where those cabins are located?

MR TRYNCHY: Well, I haven't had any concerns or complaints about it, Mr. Chairman, but if the hon. member would tell me what the concerns are I'll check it out. As far as I know -- and this is from my three or four trips there -- there is no problem at all. The public can use the beach and the lake along with the cabin owners. I haven't had any concerns.

MR R CLARK: So the public would have access to the lake in front of the cabins.

MR TRYNCHY: That's the standard procedure on all lakefronts. That's public property.

MR R CLARK: That's my understanding too.

MR TRYNCHY: Yes.

MR R CLARK: The reason I asked the question, Mr. Chairman . . . I'll give the minister the pictures later. When you go to the turnoff by the lake, you'll notice that there's a gravel road leading off from the pavement up to the top of the knoll. Once you get to the top of the knoll, then one runs into some beautiful pavement. The pavement is located so people who are driving that way can't see it. It's just gravel. But once you get over the knoll -- and this is going to where the cabins are located -- there's beautiful pavement all the way down to the cabins. I find it just a little hard to understand, if the public has access to the lakefront, which the minister has confirmed and I believe to be right. One can say it's a little item, but I find it a little strange when we run a paving program, why we didn't pave the last 500 or 1,000 yards -- 500 yards, likely -- so the public would, one, know that the road is paved all the way and, secondly, if the public does have access to the lake, then that access shouldn't be discouraged.

MR TRYNCHY: Mr. Chairman, I'll take that question as notice and find out and report back in my report to the House when I bring my budget down. I'm not aware that the pavement stopped for any reason. They might continue it on in their paving package this year or next year. But I'll find out why it's not paved and, if it should be paved, report back to the question.

MR R CLARK: Mr. Minister, if you could, I would like you to ascertain for the committee -- or we can do this in the Assembly if that's more appropriate -- precisely why that strip of pavement was not done. I think it becomes a matter of principle, a rather important principle. Here we have a main road in the park which is paved. We have an access road to the lake but also where the cabins are and a number of individuals have their own cabins. It seems to me that when a paving crew was going this way on the main road in the park, I just can't understand why they would jump 500 or 1,000 feet, which just happens to be on the incline going up on top of a hill, and then immediately when you get over the hill, where the public can't see it, they start to pave again and pave all the rest. That's just a strange coincidence.

Some strange things have happened in this Kananaskis Country thing. It's a laughing matter that it's so stupid. But it's also more than a laughing matter that some individual someplace in the government would go so far as to not pave that area. I'm sure it isn't for a lack of budget. I just can't understand why people wouldn't pave that area, unless it was that some of the people who have the cabins back there don't want the public bothering them. That's why I pursued the question of being sure the public did have access.

So, Mr. Minister, we laugh about it. I laughed about it too when I saw it. My staff down there have the pictures of it. But it seems to me that it's an attempt -- and I hope you can tell me I'm wrong, Mr. Minister -- to discourage the public from getting access to the lake in that area.

MR TRYNCHY: Mr. Chairman, I appreciate the concern and the question. It could have been properly raised with the Minister of Transportation; I don't handle the paving. But I'll certainly check with the hon. minister and report back. To my knowledge, I'm not aware of any reason it's not paved or the other section was paved, but I will get the answer to that question as accurately as

I can and report back when we reconvene and I present my budget in October or November.

MR CHAIRMAN: Mr. Clark.

MR R CLARK: Mr. Chairman, unless someone else has another area they'd like to raise.

AN HON MEMBER: Oh no.

MR R CLARK: I can see why you wouldn't.

MR APPLEBY: Mr. Chairman, just in relation to Mr. Clark's remarks. I have some difficulty understanding his indication that not paving that road would discourage the public from going to the beach. I find nowadays with their four-wheel-drive vehicles, their all-terrain vehicles, and all other modes of transportation, the public will go anywhere, anytime, and at any place. I don't think this would stop them in any way. So I really can't see his line of reasoning whatsoever.

MR R CLARK: Mr. Chairman, I'll send the picture over to Mr. Appleby. Why would you pave the rest of the road like this?

MR APPLEBY: Well, it doesn't make sense.

MR R CLARK: You're right. It doesn't.

MR CHAIRMAN: Order please. Mr. Trynchy.

MR TRYNCHY: Mr. Chairman, I have before me our latest package of the Kananaskis Country road program. That section of road will be paved when the whole project is complete. I don't have the reason it's not paved. But I know it will be paved, because it shows on my map as totally paved right up to the end of where the cottages are. So it's in the package, and it's there.

MR R CLARK: You'd call it a bit of a gap in the package.

AN HON MEMBER: Maybe it was the rain.

MR R CLARK: Your colleague has indicated it happened as a result of the rain at the time.

Mr. Chairman, who is the minister responsible for the construction of these \$15,800 outhouses?

MRS FYFE: Comfort stations.

MR R CLARK: Pumping stations.

MRS FYFE: Comfort stations.

MR R CLARK: Oh, comfort stations.

MR TRYNCHY: All within Kananaskis are the responsibility of Housing and Public Works.

MR R CLARK: So it would be the responsibility of Housing and Public Works that these things cost \$15,800?

MR TRYNCHY: I imagine if you want the cost, somebody who would know it accurately would be the Minister of Housing and Public Works.

MR CHAIRMAN: Are there any additional questions of the minister?

MR R CLARK: One last area, Mr. Chairman. Where did the dirt for the greens of the golf course come from?

MR TRYNCHY: I'm glad that question was raised, because I understand some remarks and a number of comments have been made that the dirt was hauled from Strathmore and what have you. I guess I'll have that package available to the members too.

All the topsoil for the golf course in total was from the area within the golf course. We've made some man-made lakes and the topsoil from the lake bottoms was used, and also Wedge Lake, which is approximately a mile to the south of the Kananaskis golf course -- there's still a stockpile of dirt there. It all came from within the original site. No dirt whatsoever was hauled in from anyplace.

MR R CLARK: Mr. Minister, what's the status of Wedge Lake? I understand from the sign that it's going to be a trout-fishing lake and that this taking the black dirt out of the bottom and widening it and so on will enhance greatly the fishing potential. I've talked with some environmentalists and some Fish and Wildlife people who perhaps have somewhat different views, but what's the status of the lake?

MR TRYNCHY: As the hon. member mentioned, the topsoil was removed for about 15 metres. We've deepened and widened the lake. We've tested it to make sure it will hold water. Apparently it is holding water. It'll be filled and stocked with trout, and that's where we expect to have our ramp where people on wheelchairs and what have you can fish right from the edge of the bank. So it'll be a put-and-take fishery for the handicapped and everybody else.

MR R CLARK: I take it it's the feeling of the Fish and Wildlife people that taking this black dirt out from the bottom will at least retain the fish holding capacity that the lake had in the past?

MR TRYNCHY: Well we are working very closely with the department of wildlife under Mr. Miller, and the fishery people tell us that what we've done is fine, satisfactory, and will produce the kind of results we're looking for.

MR CHAIRMAN: With that, then, Mr. Trynchy, I'd like to thank you for meeting with us on a second occasion. We appreciate the additional information you have provided to the committee. On the committee's behalf, thank you.

MR TRYNCHY: Thank you. Very good.

MR CHAIRMAN: Mr. Clark, would you be prepared now to discuss Recommendation III. 9, on environmental assessments related to capital project division projects? I believe you were absent from the House when we were concluding that section of part III.

MR R CLARK: Yes, Mr. Chairman. I would urge members to give fair consideration to the proposal. Basically it says that capital project money will not be involved in projects in environmentally sensitive areas until the appropriate environmental impact studies have been undertaken. One of my colleagues on the committee reminded me the other day that this is always the case. Then if this is always the case, I'm sure government members will have no qualms about passing the recommendation.

MR CHAIRMAN: With that prediction of member response, I invite discussion.

MR PAHL: Mr. Chairman, I wonder if Mr. Clark might provide just a little bit of background on why he feels it necessary to put this recommendation forward, beyond its self-explanatory nature, and, I think, the record of performance of this government.

MR R CLARK: I'll resist the opportunity to become involved in the latter part of the question. I'll simply say this. Let's just go back to the Wedge Lake question I was just asking the minister, where in fact we've agreed that the lake has been substantively changed as a result of work being done. It seems to me that when capital project funds are being spent, the government, the Legislature, we as a committee, should be satisfied that the environmental aspects of the thing have been looked at very carefully. It's not my purpose today to get involved in a debate with the minister on Wedge Lake, although I certainly could have. Certainly, when one looks at what has taken place there, many people, including some in the Fish and Wildlife branch, simply don't feel that that lake is going to be able to bear fish in any manner resembling its previous situation, because of the very large scale of environmental damage done in taking out a lot of the bottom of the lake.

My point is that before capital project funds be spent on these kinds of projects in the future, either internally or by getting consultants from the outside, an environmental impact study be part of the things that are done before capital project moneys are spent in what one would deem environmentally sensitive areas.

MR PAHL: Mr. Chairman, I appreciate the elaboration. I don't wish to get into an extensive debate on Wedge Lake, its size and what was done. But I know the minister referred to the lake as a put-and-take fishery. I'm sure the hon. Leader of the Opposition is well familiar with the fact that especially when an exotic species such as trout is introduced into a lake, in Alberta the first thing that is done is that you poison all the native species. When you refer to a put-and-take fishery, especially for someone who is handicapped, you are really artificially putting into a fishery area all of the species that you plan to harvest through recreational fishing. So I think there might have been a misunderstanding on the part of the hon. gentleman in terms of what the minister had told us to this point. If that were the end result of the decision, I would guess there would have been a thorough discussion behind that decision, and I am a little sorry that the hon. gentleman didn't ask that question of the minister responsible when he was here just a few moments ago.

MR R CLARK: Mr. Chairman, in responding to my colleague's comments, I simply say that the concern that I have, regardless of what kind of fish are put in

the lake -- and there were trout in the lake before -- there is the very real question of how well they are going to fare as a result not of putting the fish in the lake, but the construction work that's been done there. I'm simply saying here: let's guarantee that there's an environmental impact study done before and that it's made public. That's what this recommendation calls for.

MR NOTLEY: Mr. Chairman, I was going to observe that there are really two aspects of it; that is, that in environmentally sensitive areas you have the impact study done first of all. That is fairly straightforward. I can't imagine that anyone would seriously oppose that.

The other element in the recommendation that is equally important, in my view, is that whatever impact studies are done should be made public, and that that information should be made before the Assembly approves capital works projects, or at some point that information should be made available specifically to the Assembly and the public in general. I think we all know that from time to time there are certain capital works projects that could be very attractive to a large number of people, but potentially environmentally damaging, and that the only way you make sure there is an appropriate balance in the debate, is that impact studies that are conducted be made public. It seems to me that the last word in the recommendation is really as important as commissioning the studies in the first place; that this information should be made public.

MR CHAIRMAN: Thank you, Mr. Notley.

MR PAHL: Mr. Chairman, I certainly don't have any problem with the recommendation, and I think my earlier comments suggested that. I did want clarification, and I appreciate the intent behind that clarification. My only observation was that perhaps the specific example might have had a little more strength to it. But I accept in principle the intent behind that and commend the member for his recommendation.

MR CHAIRMAN: Any further comment? Are you ready for the question? Those in favor of Recommendation III. 9? Those opposed? Carried.

We have two additional recommendations in this section, one from Mr. Musgreave and one from Mr. Clark. I should clarify that. Recommendation III.12 was Mr. Sindlinger's recommendation on nursing research. Committee members will recall that we had asked Mr. Musgreave to meet with Dr. Bradley and possibly to check *Hansard*, and then report back. Mr. Musgreave indicated to me earlier today that he is prepared to make that report. Recommendation III.13 was the second recommendation from Mr. Sindlinger in this section, the one dealing with the Kerby Centre, and the Leader of the Opposition indicated earlier today his willingness to act as a sponsor for that recommendation.

Mr. Musgreave, did you wish now to comment on Recommendation III.12, regarding nursing research?

MR MUSGREAVE: Mr. Chairman, I've asked the secretary to draw up a new, amended resolution. I didn't realize we'd get to it so soon, but if you'll just give me a minute, I'll see if it's ready.

MR CHAIRMAN: Certainly. Perhaps we could just turn then to Recommendation III.13 and then come back to No. 12.

MR R CLARK: I wonder if we could do the same thing there, Mr. Chairman. I'm just pulling together information.

MR CHAIRMAN: Fine. We'll put both of those recommendations on hold, not for too long, I hope, and move then to recommendation IV. You may recall recommendation No. 6, regarding native equity funding. I believe we had asked Mr. Knaak to consult with Dr. McCrimmon's department and as I recall, clarify the extent to which the recommendation has already been implemented.

MR KNAAK: Mr. Chairman, I have been in touch with the minister. A program is now being developed that would provide risk capital for native groups. The program would not be funded from the trust fund, but would be under the general budget. However, it would primarily be designed to be funded by the private sector, with the government only contributing a small amount of the risk capital. In other words, it would be primarily a private enterprise kind of fund for the benefit of the natives. It's still being developed. Although the minister didn't give a deadline, I don't anticipate an announcement in the immediate future. I think the key component here is that a program is being developed and that it would be under the general government budget, not out of the trust fund.

MR CHAIRMAN: Hon. members, I was just checking the notes I had made when we last discussed this particular recommendation. Just by way of reminder, Mr. Clark, I believe, had suggested an amendment that would have seen the deletion of the phrase, "and other target groups". Are my notes correct to that effect, Mr. Clark? Further discussion?

MR KNAAK: I don't want to come in now, Mr. Chairman, but I would like to participate in the discussion as well, in addition to my introductory comments.

MR CHAIRMAN: That'll be fine.

MR NOTLEY: Mr. Chairman, I certainly don't have any quarrel with the amendment. I think Mr. Clark has proposed to delete "and other target groups". I'd just draw members attention to last year's recommendation 2 on page 9:

Establish a fund with the Alberta Opportunity Company to provide financing for business ventures by Native and Metis people.

I believe that was passed unanimously by the committee.

Mr. Chairman, I guess the issue we have to address is whether or not the possibility of some kind of program without any definite date as to when it may be announced and how much will be made available, and what kind of guidelines will be in place; whether that vague promise down the road is sufficient to convince us that we shouldn't pass a recommendation of this nature.

The other aspect of this issue that I think it is important to dwell upon for just a moment -- I appreciate Mr. Knaak's research and his review of what the department proposes to do. But I really think that while it's very important to try to involve the private sector in business opportunities for native people in Alberta, that does not, in my view, in any way reduce the responsibility of the people of Alberta collectively, through their government through either the heritage trust fund or last year through the Alberta Opportunity Company, to develop, if you like, almost a form of affirmative action, business-oriented programs. The response we have this morning, in my judgment, doesn't convince me that the recommendation should be dropped.

I think there is a need. There's a need not only in the obvious areas where it would seem to me it would be relatively easy to get close co-operation with large ventures; perhaps in the oil sands, for example, where I could see the people developing the project working very closely -- they've already done that now through native training programs, through Native Outreach, a very successful concept. But that doesn't really deal with the problem of the prospective business person, say in a Metis colony that is many, many miles away from a major project. There we're going to have to have the kind of initiative that is shown right now by the Alberta Opportunity Company. Last week we had a great debate over Mr. Pahl's proposal that the same sort of incentive should be available to urban businessmen as rural businessmen. By a fairly close vote we decided, no; that we felt the Alberta Opportunity Company had a role to play in rural Alberta that was special and distinct, because of the difficulties faced by businessmen in rural Alberta.

Mr. Chairman, I would say that the same argument can be presented with respect to our native citizens in this province. Just to leave it largely up to the private sector -- even though I'm willing to admit there are going to opportunities for a very close working relationship between the private sector and native communities, particularly in areas adjacent to megadevelopments, that does not get away from the fact that in much of Alberta in particular, we're going to have to have some kind of mechanism, just as we do now with rural Albertans, to provide opportunities for native business people. That's why I like the recommendation that was presented last year to the Assembly by the trust fund committee, because it recognized the importance of our deliberately undertaking a program. Whether it's financed by the trust fund or not becomes a subject for debate, I suppose, but it seems to me that what isn't subject to debate is that we need a program somewhat similar to the Alberta Opportunity Company program for rural businessmen.

MR CHAIRMAN: Thank you.

MRS FYFE: Mr. Chairman, I guess I'd make the same argument I did last year relative to a similar motion. My concern is that if we're looking at the trust fund and trying to get the maximum net income for future years, I would have concern that we set up a program from that trust fund for venture projects, projects that don't traditionally qualify for funding in conventional ways. That does not preclude the fact that I did support the motion last year to set up a category under the Alberta Opportunity Company that then can incorporate its losses, which may be higher in venture funding than in their conventional funding. So I think it's the wrong direction for this committee to go as far as setting up a specific program for natives or for any other group we have a concern for. I think we can accommodate this type of lending program and that we should be doing it, but I don't think it should be done from the Heritage Savings Trust Fund. I think that the money that is lent to any agency that would be establishing a lending program, should be set up in a manner that is distinct from the fund and the revenue that Albertans will require for the future.

Therefore I cannot support the motion as it's set out. But I'd like to make it clear that in no way do I feel that that precludes the establishment of a lending portfolio for native peoples in Alberta.

MR R CLARK: Mr. Chairman, I indicated my desire to get involved in the discussion, as a result of Mrs. Fyfe's first comments, which in essence were, if I paraphrase them accurately, Mrs. Fyfe, that the prime function of the fund really is to earn money as an investment. It seems to me that what we always have to keep in mind in the committee . . . I have a motion later on

that the function of the fund is twofold: one is earn a rate of return for the future; the other is also this question of diversification. I think very often we confuse the two. I do this myself. We don't have a portion set aside to get a maximum return, and we don't have a portion set aside strictly for diversification. Rather, we make fish nor fowl of both. I frankly think we should support the resolution put forward with the change suggested. If we don't do that, frankly, it's moving back from the rather progressive step we took last year.

MR PAHL: Mr. Chairman, I wanted to add my support for the concept and support for Mrs. Fyfe's view that it not be out of the Heritage Savings Trust Fund, simply because there's another dimension to it. The need to help our native citizens to participate more fully in the economic activity of our province will be with us for a considerable length of time to come. I think the case can be well stated for that assistance. However, I would regret tying that commitment to the Heritage Savings Trust Fund, the revenues of which will, we anticipate, be declining, as will the funds available. I suppose there's a very real danger that the last on is the first off, in terms of when things tighten up. So I would rather see the fund being made available through general revenues through an ongoing program.

I would also like to make the point that there is within the Alberta Opportunity Company, if you will, an opportunity to be preferential in our lending. Although we may not be prepared to direct that preferential treatment to our cities, there are something under 40,000 treaty Indians and a greater number of Metis who could benefit by preferential treatment. In fact, they are in the rural areas, so I would find that some of my committee colleagues who didn't support it with respect to urban entrepreneurs, may be more supportive of going further into the country, perhaps onto the reserves and the Metis settlements.

So I strongly support the concept. I would not support tying it to the Heritage Savings Trust Fund, for the reasons outlined.

MR KNAAK: Mr. Chairman, I, too, support a concept whereby native groups are aided in obtaining venture capital. I like the approach that the minister has indicated; that is, really, the government acting as a catalyst whereby they encourage private enterprise to risk the money and to benefit from the profits, with the government taking a minority position. But I must also suggest that we as a committee, I think over and over again, have agreed that we should not get into departmental programs, and that this, strictly speaking, is not a matter that would fall under the various categories of the trust fund the way it's set out. So I too can't see supporting this as a trust fund investment, while I support the idea that the minister has to develop venture funding through private sources.

I think that as a committee we have to be careful that we don't increasingly begin to make recommendations that in fact are departmental programs, as an indirect means of commenting on departmental programs, because we'd get too many recommendations that aren't relevant to this committee. I think this is one of them. It's a good program, a good thought, but it's not something the trust fund should deal with. It should just be introduced in the House generally.

I wanted to comment on another thought. Mr. Notley assumed that the vote against Mr. Pahl's motion was because we didn't support the idea of equal opportunity for urban and rural small business men. I supported Mr. Pahl on the concept that there should be equal opportunity, but I thought again it was a program matter for a department, and I think at least one other member had the same point of view. So I don't think that vote should be interpreted by

anyone as suggesting that the majority of members of this committee don't support the concept of equal opportunity for all businessmen, rural or urban.

MR STEWART: Mr. Chairman, I guess most of the things I have to say have been covered to a degree. I feel there is merit in the philosophy of the recommendation. I, too, feel that the greatest problem that this recommendation, if it were carried out, would create, would be almost a duplication of what the Alberta Opportunity Company has set up to accomplish. We would be asking the heritage fund either to fund it from the fund and turn it over to some agency like the Alberta Opportunity Company to carry out the function, or else we would be creating a duplication of people to accomplish with the native people what we are already committed to do through the Alberta Opportunity Company for the balance of rural Albertans. I think that discrimination between native people and target groups reflects back to many of our northern areas where the native people do need some assistance. We find that the other people living in the same vicinity, whether native or not, are often subject to the same disadvantages and should not be segregated in any program that we try to develop to help disadvantaged people. I think our Metis people, and to quite a degree many of the other people who are living in those geographic areas, should be considered in a program of assistance to get them better able to produce their own livelihood. I think the philosophy of this is fine. I think it should be more directed toward the appropriate minister and to the appropriate vehicle, which I would still consider the Alberta Opportunity Company. Direction from this committee toward recognizing the fact that native people and other disadvantaged people in those isolated areas should require special attention, I think is commendable, but I don't think we should be advocating a separate identity from the heritage trust fund to accomplish it.

MR CHAIRMAN: Mr. Notley, did you wish to conclude debate on this recommendation?

MR NOTLEY: There may be other members who wish to speak. Might I just suggest for members who are concerned about this particular recommendation, that I would be quite happy to see an amendment or a motion which would simply substitute the recommendation we passed last year, because that contains the basic principle I want to see enshrined here.

A number of questions have come up that I think should be addressed, Mr. Chairman. First of all, does a recommendation like this come under our purview, or should it be handled in the ongoing process of government? Many of the recommendations that we deal with, have dealt with, and probably will deal with, get into the ongoing process of government. But I can't think of a recommendation that is in many respects more clearly within the ambit of the trust fund. I differ with some of the members over the emphasis I put on diversification compared to the savings element. One of the major aspects of the Heritage Savings Trust Fund is to strengthen and diversify the economy of Alberta. I don't think there is any question that the major reason that the equity fund concept has been promoted by both major native organizations in the province is that they feel that such an equity fund would strengthen and diversify the economy of Alberta. If one places any credence on that particular pillar of the heritage trust fund Act, this kind of proposal has to come within our ambit, in terms of making a recommendation. Again, if members would prefer the approach we had last year, I would have no quarrel with that.

Mr. Pahl had observed that there was some danger in funding a program like this through the Heritage Savings Trust Fund because eventually the trust fund will be depleted. That's true. Eventually. But this is the kind of program

which hopefully is one of those affirmative action oriented programs which will not go on forever, but which is designed to stimulate and get businesses off the ground. I would just make the observation that if we're not able to fund it from the trust fund, I would be even leerier about our being able to fund it from the general operating revenues of the province, which are going to be subject to all sorts of other challenges, in terms of priorities that come along.

The question of encouraging private enterprise -- with great respect, I don't think that that is going to do the job in most of northern Alberta right now. You know, the government can act as catalyst all they want, but you're not going to get private people for the most part, unless they're philanthropists, to invest in most of the businesses in most of the native areas of this province. You're going to get them to invest in projects that are associated with megaventures, sure, because there's going to be a good dollar to be made. But that's not going to solve the problem of people in Fox Lake or the Peavine colony or the various other communities in this province who want venture capital. To say that we're going to act as a catalyst is, in my view, to leave the matter basically where it's been for a long time.

Last year, we said in our recommendation -- and that's why I'd certainly be willing to support that again -- let's say to the Alberta Opportunity Company, you create the fund and let's get on with the job. That's perhaps a more precise way of putting it than the recommendation I've presented this year. But I would suggest, Mr. Chairman, that whether we take last year's recommendation or this, it is very important that we not simply leave this matter up to the private sector or say it's an ongoing government program. I think we have an obligation to argue that if diversification means anything, some kind of commitment is consistent with the major objectives of this heritage trust fund.

MR CHAIRMAN: In view of Mr. Notley's expression of interest in a possible substitution, for the benefit of those members who do not have last year's report -- and I suspect none of us does -- that recommendation is summarized on page 9 of Mr. Hyndman's September 22 status report.

MR PAHL: Mr. Chairman, the point is well taken, that in what might be termed the have-not areas of the province in terms of reserves, there is certainly no basis for a matching equity fund. Perhaps if Mr. Notley agrees, I would propose an amendment that would reflect both the discussion here and the substance of last year's amendment. I would propose that the amendment read: that the committee support and commend the equity funding initiatives recently proposed by the minister responsible for Native Affairs and the private sector

MR R CLARK: Has that been announced yet? I thought Mr. Knaak had informed us that we shouldn't hold our breath until the announcement came forward?

MR PAHL: I haven't finished with my recommendation.

MR CHAIRMAN: Perhaps Mr. Pahl can complete his amendment, and then we'll discuss it.

MR PAHL: . . . and recommend consideration of establishing . . . and then it would continue from the summary or last year: a fund with the Alberta Opportunity Company to provide financing for business ventures by Native and Metis people.

MR NOTLEY: Mr. Chairman, on a point of order, could I suggest to Mr. Pahl that he just recommend the recommendation we passed last year. It's all very nice to commend the government, but we have no official statement. We don't know what's in it. Mr. Knaak has indicated it may not be announced for some time. It really does make us look a little silly as a committee. Far be it from me to be a little reluctant to commend the government on something. I'm sure we would like to do that. But I really think the gist of Mr. Pahl's recommendation is what we passed last year. Why shouldn't that just be a substitute resolution?

MR CHAIRMAN: All right. We have an amendment crafted by Mr. Pahl. Mr. Pahl, Mr. Notley has asked you to reconsider. Would you care to respond to his request for reconsideration?

MR PAHL: Mr. Chairman, methinks the member is too modest. I think this committee can serve a useful purpose by encouraging not only the minister -- I know that might be difficult for some of our colleagues -- but also the private sector, for initiative. Although it has not been made public in full detail, it is in the public arena and under public discussion. It is well known by different corporate organizations, and we have in fact talked about it here. So if we support the private sector's taking some initiative as well as the government's serving as the catalyst in those areas where there is no basis for venture funding, i. e., no capital base, then I think we should reflect it.

MR CHAIRMAN: I regret that the Chairman is unable to shed much light on the extent of public awareness of these initiatives. I can indicate to the committee though, that representatives of the department have conducted a series of public meetings with business leaders in Calgary, to review these initiatives. I am aware of those meetings and in fact did attend one.

MR NOTLEY: Mr. Chairman, it seems to me that the basic point Mr. Pahl is making, that we recommend the recommendation we made last year, with one important addition. I'd be willing to acknowledge that; that is, that there is a role for the private sector and the government should be acting as a catalyst. Rather than commend the government for something we may or may not know -- because it hasn't been announced -- why don't we simply make the recommendation straightforward, that in addition to this, we support the concept of initiatives being undertaken by the government with the private sector, in addition to the recommendation made last year. That would be a much more sensible thing for us to do. Then we don't get into the question of prejudging a statement that hasn't been officially made.

MR CHAIRMAN: Just to make sure that all committee members are on the same frequency, we are now debating the amendment proposed by Mr. Pahl. Perhaps I should repeat it, because I noticed some of you were not making notes as he read it.

The committee support and commend the equity funding initiatives recently proposed by the Minister responsible for Native Affairs and the private sector, and recommend consideration of establishing a fund with the Alberta Opportunity Company to provide financing for business ventures by Native and Metis people.

The latter part, of course, is a repetition of last year's recommendation, which appears on page 9 of the status report.

MR R CLARK: Mr. Chairman, I'm not adverse to commending the minister, but in light of the minister's track record, I'd want to know what we are specifically supporting him for. So if you, Mr. Chairman, or one of the members from the government side can give us a statement the minister has made that has some authenticity to it, then I'd be prepared to look seriously at supporting the recommendation. But until we have something other than a government news release or something like that, I for one would find it very difficult to support the proposition. I think it's a very neat move by my colleague to my left here, who I think is sometimes to my right, but . . .

MR CHAIRMAN: Mr. Knaak, are you in a position to comment on the availability of documentation of what's described as a recent announcement?

MR KNAAK: I don't know. Is it my turn to comment on this amendment now, Mr. Chairman, or do I just answer this one short question?

MR CHAIRMAN: It's your turn to answer the Chairman's question as to whether you can shed any light on the availability of documentation.

MR KNAAK: A committee has been established, which includes a member of the native group. This committee is in fact developing a program. I don't know where the document is that announced it, but my guess would be the announcement would be the creation of a procedure, which includes the establishment of a committee, to develop a program with the input of all interested parties. I think the matter is in progress.

Now, Mr. Chairman, I'd like to reserve my right to comment on this amendment when my turn comes up.

MR CHAIRMAN: The Chair is prepared to take that now.

MR KNAAK: Thank you. The two members in opposition have said over and over again -- without really giving this committee a chance; and we've talked about committees in the past -- about the government not responding to recommendations. For the first time, this committee made recommendations last year, and as far as I could determine, the government is fairly busy responding to those recommendations. We've had the major announcement on scholarships. I'm sure Mr. Clark is just jumping up and down about the acceptance of his portion of that one.

MR R CLARK: I agree with you, sir.

MR KNAAK: Right now we have another situation where the minister is working and responding to a recommendation. I think it's silly -- using Mr. Notley's words -- to re-recommend; we recommended last year -- when we know that something is being done. It makes us look like we can't come up with any new ideas, if we just keep repeating ourselves. In terms of Mr. Pahl's recommendation, I would certainly support even . . . You know, if we as a committee make a recommendation and the minister and the private sector respond, we should acknowledge to some extent the fact that they are responding to this committee's recommendation. I would prefer we dropped this whole matter: repeating last year's recommendation and withdrawing this one; this one on principle, and the other one because we're just repeating

something that's being acted on. But if Mr. Notley doesn't want to withdraw those two, I suggest supporting Mr. Pahl's.

MR R CLARK: Mr. Chairman, if my colleague the member from Edmonton can give to me the announcement, like the Minister of Advanced Education and Manpower did, I could perhaps share your enthusiasm. If we can get the announcement from Mr. McCrimmon and if it's as it has been indicated here today . . . But somehow that announcement hasn't gotten to my office yet.

The point about the scholarship program is very well made. That is first rate.

MR CHAIRMAN: Several members have indicated that they wish to comment, but could I just insert a suggestion. I'd certainly be prepared to try to obtain this morning a copy of the announcements that are now being discussed, and we'd come back to it. But I'm in the hands of the committee on that procedural direction.

I have a point of order, I guess, with Mr. Notley.

MR NOTLEY: A point of order so we don't get caught. I think we're really being quite foolish here in worrying about the wording. I don't have any quarrel at all with inserting the concept of working closely with the private sector. I think that's a very good thing. I don't have any quarrel with saying in our recommendation that we are pleased that some action is being undertaken, but I don't think we can talk about announcements when announcements haven't really been made. We really shouldn't do that. So I'm saying to Mr. Pahl, who's worded his amendment -- a couple of changes in the wording and we could have unanimous agreement here, rather than haggling and trying to get statements. Mr. Knaak says they haven't been made yet. I'm sure you could go rustle through the minister's office and not find a statement. That wouldn't prove anything. We have a consensus on the major elements of this recommendation, it seems to me. Let's just make the phrase change here and there, and we wouldn't have any problem.

MR STEWART: Mr. Chairman, I think we all received a copy dated September 22, the status report from the Provincial Treasurer. If we'll take that report in its own context, it's responding to the recommendation of last year to:

Establish a fund with the Alberta Opportunity Company to provide financing for business ventures by Native and Metis people.

The Minister responsible for Native Affairs recently announced a venture funding programme which has the potential to significantly assist Native and Metis people in Alberta.

This was not a report of response to a recommendation from the Provincial Treasurer to the heritage trust fund committee, but it's a report of the response of the Minister responsible for Native Affairs relative to our recommendation. If we want a copy from the minister's office that the Chairman's prepared to bring forward, if that's necessary, well and good. But I think here we're talking about the response of the minister to a recommendation from this committee. It's reported here by Mr. Hyndman in his status report of all the recommendations from last year. I don't know why we're ignoring that and in turn making another recommendation.

AN HON MEMBER: Question.

MR CHAIRMAN: Before asking the question, I really should indicate, Mr. Pahl, that we have a request from Mr. Notley for you, as mover of the amendment, to amend your amendment. Are you prepared to do so?

MR PAHL: Mr. Chairman, I was wanting to contribute in the same way that Mr. Stewart had, that the report from the Provincial Treasurer indicates that "The Minister responsible for Native Affairs recently announced a venture funding programme . . ." I would like to point out to the members that this initiative, although in my understanding it already has a financial commitment -- I think this was the nature of the announcement of the Minister responsible for Native Affairs -- it is by no means finished, full, and in operation. I think it's extremely important for this committee -- I do believe it has the opportunity to influence thinking in the affairs of the province in a significant way -- to lend its support. I have no great difficulty with the wording, so long as there is the intent that we indicate support.

MR CHAIRMAN: For clarification. You said you had no difficulty with the wording. Which wording? That of your amendment, or of the original recommendation?

MR PAHL: I guess all I'm saying, Mr. Chairman, is that if the member wanted to amend my words, we have had them read twice, and if he wants to delete the reference to the government or whatever, it's incumbent upon him either to suggest an amendment or raise the question on the amendment.

MR CHAIRMAN: Mr. Notley, would you care to do so?

MR NOTLEY: Mr. Chairman, I think that what we might do is:

That this committee commends the action taken to date, looks forward to the announcement of a program, and reaffirms our recommendation of last year to establish a fund with the Alberta Opportunity Company to provide . . .

MR CHAIRMAN: Mr. Notley has suggested, in response to your suggestion, Mr. Pahl, an amended amendment, which would read:

The committee commends the action taken to date by the government and looks forward to program announcements in this regard, and reaffirms a recommendation made last year.

I'd have to fine-tune that phrasing for you, Mr. Notley.

MR PAHL: I think it's quite typical that there's a philosophical slip that omitted the private sector in that recommendation. With the greatest respect, I don't think the member substantially improved or changed the recommendation. I would like to ask that we ask the question on my amendment.

MR CHAIRMAN: Mr. Pahl's amendment reads:

The committee supports and commends the equity funding initiatives recently proposed by the Minister responsible for Native Affairs and the private sector, and recommends consideration of establishing a fund with the Alberta Opportunity Company to

provide financing for business ventures by Native and Metis people.

Those in favor of the amended recommendation?

MR R CLARK: Before we vote, I take it then, Mr. Chairman, that members of the government are saying to us here that there has been a firm announcement made by the minister.

MR CHAIRMAN: With respect, that's the indication from Mr. Hyndman in his formal report to this committee.

MR R CLARK: That isn't what I'm asking.

MR CHAIRMAN: It reads as follows:

The Minister responsible for Native Affairs recently announced a venture funding programme . . .

This is a public report. Of course, Mr. Clark's question is: is there other documentation? But you appear not to have persuaded the members here today as to the need for the documentation.

MR R CLARK: I take it that there is an assurance from the members here that that kind of commitment is given by the government.

MR PAHL: Mr. Chairman, I think what is implied here is what is said in the recommendation -- period -- recently proposed by Dr. McCrimmon and the private sector. With great respect, the Minister responsible for Native Affairs can only make announcements with respect to his own commitments. To suggest that the total announcement has been made when the total concept is not fully fleshed out and developed into a full identity, would be impossible. However, I think it's important that this committee support and commend the initiative.

MR CHAIRMAN: I've called the question. Those in favor of the amended motion? Mr. Pahl. Those opposed? Okay. The amended motion is defeated. Any discussion on the original recommendation? If not, are you ready for the question? Those in favor of Recommendation IV.6 as amended by Mr. Clark; that is, the deletion of the phrase, "other target groups"? Mr. Notley, Mr. Clark, and Mr. Pahl. I'm sorry. Mr. Pahl.

MR PAHL: The original question as amended by Mr. Clark?

MR CHAIRMAN: Mr. Clark's amendment would delete the reference to additional groups, "and other target groups".

MR NOTLEY: If my memory serves me correctly, I accepted that when we moved the thing last week. If the record doesn't show that, I would clearly state that now so there's no misunderstanding.

MR CHAIRMAN: Mr. Notley, my note is that you were prepared to move with the suggested amendment from Mr. Clark. I'd like to call for the vote again. Those in favor of Recommendation IV.6 as amended by Mr. Clark, please indicate. Mr. Clark, Mr. Notley, and Mr. Pahl. Those opposed? The remaining members in the House. It is defeated.

Returning now to recommendation III.12. I believe members should have before them now Mr. Musgreave's suggested rewording of the nursing research recommendation originally submitted by Mr. Sindlinger. Mr. Musgreave, would you care to make a comment on your rewording of that recommendation?

MR MUSGREAVE: Mr. Chairman, the way I've reworded the recommendation in effect says what the people in the field already indicate; that is, that they don't feel there is a need to establish whether research should be undertaken. However, if the committee wishes, I wouldn't quarrel with that as a first step.

The feeling of the Alberta nursing association in particular is that a medical research foundation is certainly an important first step, but the technology alone will not achieve maximum results if other health care needs don't keep pace with them. Without ongoing research aimed at improving nursing, this is going to be difficult. I have a copy of the Heritage Foundation for Medical Research Act.

The objects of the Foundation are to establish and support a balanced long-term program of medical research based in Alberta .

Among the objects are:

- (a) stimulate research in medical sciences,
- (b) implement effective means of using in Alberta the scientific resources available in medical sciences,
- (c) support medical research laboratories . . .
- (d) promote co-operation in research in medical sciences . . .
- (e) encourage young Albertans to pursue careers in research in medical sciences.

In answering a question -- I think it was raised in the Committee of the Whole by the Member for Clover Bar -- the Premier said:

Clearly, it would not involve the health service administration of the Faculty of Medicine, or nursing research as it relates to health care delivery in the Faculty of Nursing, or behavioral disorders as they relate to psychiatry . . .

He also goes on to say that

It does not cover the question of general health research
It does not move into the general area of health care, health care administration, and health care delivery.

There are several more words, Mr. Chairman, but I could give these to the members of the committee if they would like to pursue that themselves.

Finally, in conversation with Dr. Bradley, the executive director of the foundation, it's his opinion that he wants to avoid nursing research at this time. He feels other agencies in the government should be carrying this type of program.

So I would move the amended motion as I have presented it to the members for their consideration.

MR CHAIRMAN: Those in favor of Recommendation III.12 as reworded by Mr. Musgreave? Those opposed? Carried.

MR R CLARK: In regard to the other motion, I hope we would have a copy of a revised recommendation to you on that by 11 o'clock, especially if we take a short break.

MR CHAIRMAN: The Kerby Centre recommendation? Fine. We'll return to that later in the day.

MR R CLARK: If we were to take a short break, it would be ready about 11 o'clock.

MR NOTLEY: Mr. Chairman, could we adjourn for 10 minutes or so?

MR CHAIRMAN: Would the committee members like to take that adjournment now? Okay. Let's adjourn now and perhaps return to the chambers at 10:50.

The meeting recessed at 10:40 a.m. and recommenced at 11 a.m.

MR CHAIRMAN: Members of the committee, as reluctant as I am to interrupt this historic illustration of amicability, we do have 10 recommendations yet to take care of. If we are going to conclude today, we need to resume.

All members should have a copy of Mr. Clark's suggested rewording of Recommendation III.13, which deals with the Kerby Centre. You may recall that it was one of Mr. Sindlinger's original recommendations, and we had left it open to any possible interest in sponsorship. Mr. Clark has expressed that interest and has now prepared his revision, which has been circulated. With that, Mr. Clark, would you care to comment on it?

MR R CLARK: Mr. Chairman, basically the Kerby Centre is a centre for senior citizens in Calgary: an information centre, social services centre, medical services, housing registry, and at-cost food services for seniors in Calgary. The recommendation is that a feasibility study be undertaken to look at the possibility of the Kerby Centre in Calgary really becoming the centre for a gerontological research centre in Alberta. As I understand it, the figure we are looking at here is something in the vicinity of \$50,000 to \$60,000, to do the kind of feasibility study that is outlined.

MR CHAIRMAN: It's unfortunate that other than the Chairman, no other Calgary members are in the chambers. Perhaps Mr. Musgreave will be joining us.

MR BRADLEY: I'd like to comment on the recommendation. I like some aspects of the recommendation, but I'm not sure I want to get into being so site specific as to the location where this gerontological research centre should be. I would move an amendment:

It is recommended that consideration be given to a feasibility study to establish a gerontological research centre for Albertans.

MR CHAIRMAN: That's a major amendment, of course. You are deleting all reference to the Kerby Centre. . .

MR BRADLEY: That is correct.

MR CHAIRMAN: . . . and simply recommending that consideration be given to the establishment of a gerontological research centre, location unidentified or unspecified.

MR BRADLEY: The concern I have is that we would be so specific on it. First of all, I think you have to determine whether you want to have a gerontological research centre, and then you look for a location for it.

MR R CLARK: Mr. Chairman, could I respond to that and say that the Kerby Centre is included here so that they at least be involved in the study and that the study look at the idea of the centre being located on their facilities in Calgary. It is my perception that, should the feasibility study be carried out and the conclusion of the group be: yes, there is a need for that kind of research to be done in Alberta, but that is not the logical location; then obviously that would become part of the recommendation from the research. I think it's important to leave Kerby Centre in because Kerby Centre in Calgary has done much of the pioneering in this area, as I understand the Calgary scene. This would allow them to be involved. But if the recommendation were to be that the centre should be someplace else, that could be part of the recommendation itself. For that reason, I'd like to ask members to consider seriously leaving the designation of Kerby Centre in there, in light of all the work these people have done to date.

MR CHAIRMAN: Mr. Musgreave, I don't like to put you on the spot, but in light of the fact that this is a Calgary-related matter, in a certain sense, and you are the only Calgary member in the chambers other than the Chairman, would you care to comment?

MR MUSGREAVE: Mr. Chairman, I'm concerned about the idea. I find the proposal a little disturbing. That's probably the best way I can put it. It seems to be the in thing to propose study of gerontology. I know people at the university want to establish chairs in it, and they're setting up foundations and all the rest of it. I'm not comfortable with the recommendation. I was going to vote against it. Period.

MR CHAIRMAN: I assume, Mr. Musgreave, that that comment applies both to the original recommendation by Mr. Clark and the amendment proposed by Mr. Bradley?

MR MUSGREAVE: Right.

MR STEWART: Mr. Chairman, I have to speak on this issue with very little knowledge of what the Kerby Centre has accomplished. For that reason, I will try to be general about what I believe. I think our recommendation for a study that would provide a research centre for all Albertans -- when we specifically identify the Kerby Centre, from my point of view, we're taking a very positive position on their qualifications both to assist with the study and possibly be the research location. Without greater knowledge of their capabilities, I would find it difficult to endorse this resolution. Possibly, if we're to recommend a feasibility study and it is recommended that the people at Kerby Centre take part in the study, then it's a judgment decision. I don't know their qualifications; they're probably excellent. But without greater knowledge of their past history, I couldn't support the resolution.

MR CHAIRMAN: Mr. Musgreave, would you wish to get back in?

MR MUSGREAVE: I just want to point out to those members of the committee who might not be aware, that this Kerby building was left over from Mount Royal College when they moved to their new facilities. It is the largest, newest building from the original college. I estimate it was built in about 1950,

'55, somewhere in there. It's a good building. Since then, the province has spent considerable amount of money improving the elevator service and doing things of that nature to make it more of a social drop-in centre. The building is owned by the province of Alberta now, so the idea of the fund taking it over would be rather strange. We already own it. Also, the centre right now is promoting the idea of a large condominium project across the street. So why would we want to get involved in this kind of study, which to me is more of a university oriented attempt? I find that rather strange.

Finally, you may recall that this is the centre that had the great difficulty here recently with the split boards, acrimonious fights, debates, and squabbles that were going on primarily because some people didn't like the executive director -- as far as I could determine -- who I thought was doing a fine job.

So it doesn't lend itself to this kind of significant, ongoing research facility at this time, in my opinion. I agree with the last member, that it could certainly be part of a study, but I wouldn't suggest that they should be carrying it by themselves.

MR R CLARK: I simply would make the point that what we're asking here is that we need a look at the thing. If they decide, perhaps for some of the reasons outlined by Mr. Musgreave, that Kerby Centre isn't the place for such a research centre, fair ball. But it seems to me you have to start someplace. To date, the initiative certainly has come from Kerby Centre. Yes, they've had their problems, but they have made a very significant contribution to the quality of life for seniors in Calgary.

MR CHAIRMAN: Because of the very significant change proposed by Mr. Bradley, I'll have to call for two questions. Those in favor of Mr. Bradley's amendment?

MR BRADLEY: If I could further amend my amendment, in light of the discussion, I would restate it in this manner. I perhaps didn't read the original recommendation as carefully as I should have. I would therefore propose:

It is recommended that consideration be given to a feasibility study done in co-operation with the Kerby Centre in Calgary, to consider the possibility of establishing a gerontological research centre for Albertans.

MR CHAIRMAN: To put that another way, then, Mr. Bradley, you're recommending the deletion of -- and I'm referring now to the typed recommendation distributed earlier by Mr. Clark -- the words "acquiring the present building occupied by the present Kerby Centre and", and deletion of "in that building". Those in favor of the amendment? Those opposed? The amendment carries.

The next recommendation for discussion will be IV.11, dealing with computer technology research, which we were unable to reach last Tuesday. Mr. Notley.

MR NOTLEY: Mr. Chairman, I think it's straightforward. It seems to me that the computer industry is one that has real potential, especially in a province like Alberta. It's my understanding that at present Calgary itself is the third largest computer centre on the continent.

I've done a little background research on the computer industry in Canada. There's been significant increase, both in terms of revenue and the number of people employed. Among the advantages of the computer industry is that it's an industry that is not as sensitive to transportation costs. If you're

talking about a multi-multimillion dollar computer, the total cost to transport that to wherever you're selling that is such a small part of the overall cost -- it is an industry that is about as transportation insensitive as you can get; in other words, it's not going to be influenced by higher transportation costs. That seems to me one of the things we should be looking at.

In addition, Mr. Chairman, you not only have the computerization of some of the obvious areas, all the way from government services, oil industry, university, but there is a very substantial increase in the use of computers in agriculture. For members who aren't aware of it, there's an excellent article contained in the weekly report of the Minister of Agriculture for Wednesday, October 1, which went out to various rural papers in the province, outlining the development of computerization in agriculture in Alberta, suggesting that by 1990 there could be as many as 10,000 terminals for computers in agriculture. So that's an area that has an enormous potential for growth.

I think the recommendation is fairly straightforward, Mr. Chairman.

MR CHAIRMAN: Thank you, Mr. Notley.

MR PAHL: Mr. Chairman, I wonder whether the member proposing the recommendation could indicate or at least confirm that he's suggesting an investment in a hardware type of computer technology industry, and which Heritage Savings Trust Fund division he thinks this might be suitable for.

MR NOTLEY: To answer the last question first, we'd be looking at the Alberta investment division. I would see this kind of thing, incidentally, being done through agencies we have already created. We have the Alberta Opportunity Company, for example. But I think that as we look at diversifying the economy, there are obviously certain areas that have some potential. This particular recommendation is not isolated, in the sense that I think there are other areas we have to examine too. Recommendation III.5, Economic Inventory, is very important, because if we're going to follow through with the diversification pillar of the heritage trust fund concept, we do have to assess continually what is possible and what isn't.

I don't pretend to be an expert in the computer industry by any means -- to answer yes to the first question. But the major reasons that it seems to me this industry has potential in Alberta are: (a) because of our oil industry, we're already a computer centre; (b) because of agriculture's growing importance and computerization for agriculture, there's going to be a market there; (c) because the cost of a computer is so great that the transportation cost in getting to whatever your ultimate market may be, whether it's in Alberta or Tombouctou, is such that our competitive advantage in an industry is that we'd be very strong. It's a follow through from the so-called brain industries that people have talked about.

It seems to me the kind of diversification strategy -- not exclusive. I want to make clear that I don't see the economy of Alberta is going to be tied to the computer industry in the same way it's tied to agriculture or the non-renewable resource sector. I see it as one string to a many-stringed bow that we have to develop in the future.

MR R CLARK: Mr. Notley, I have no difficulty supporting the concept if what we're talking about is encouraging the development of computer technology in Alberta. No problem with that at all. On the other hand, if we're talking here about the possibility of investing in the development of the industry --

in other words, if we're going to go out and purchase a portion of XYZ company, I'd part ways with you there. What do you see?

MR NOTLEY: I think the key thing in the proposal is to zero in on an area that has potential. I would have no quarrel with striking out "investing in", because I realize that that does create a number of philosophical problems for some of my colleagues, who will battle at some other stage. But I think "the possibility of encouraging the development" would be fine.

MR CHAIRMAN: Is that a formally expressed amendment, Mr. Notley?

MR NOTLEY: Yes, as far as I'm concerned. I would change the wording.

MR CHAIRMAN: That change, then, committee members, would see the phrase "investing in" changed to "encouraging".

MR KNAAK: Now that we're not investing any more, how does Mr. Notley envision the role of the Heritage Savings Trust Fund in this matter?

MR NOTLEY: Mr. Chairman, there are a number of options. The fact that we are encouraging the development does not preclude us from investing. It seems to me that's something we could look at down the road. I guess it's somewhat similar to the motion passed in 1978, where we recommended as a committee that we would encourage the development of industries that would supply heavy equipment for the oil sands; the same sort of language that was used in the fall of 1978, almost word for word. I would say that if we're looking at the diversification aspect of the trust fund, it's not in appropriate for the committee to make recommendations as to the type of industries that in our judgment should be encouraged. The exact mechanism of that encouragement is something that would have to be determined by government policy; all the way from working through the Alberta Opportunity Company -- that's one possibility; investment is another -- to other steps that might be taken, somewhat similar to the encouragement we talked about a few minutes ago with respect to native equity, where we're going to involve the private sector. There are all sorts of options, and obviously the word "encouraging" allows that kind of latitude without tying us to a specific program of investment. I think that would be a bit premature.

MR STEWART: Mr. Chairman, the philosophy of the resolution I think only emphasizes the fact that we're recognizing the modern changes that are taking place in the computerization of many things. I think that from the point of view of the Heritage Savings Trust Fund, this committee, and our role, our recommendations should be relative specifically to something the heritage trust fund could be absolutely identified with. If it's the role of government, that's one thing; if it's the role of the Heritage Savings Trust Fund, that's where this committee's role and function is.

I have difficulty trying to envisage how the Heritage Savings Trust Fund can get involved with the development of a computer technology industry in Alberta, without . . . Now we've changed the wording to "encouraging" the development, and it becomes even more difficult to identify how the trust fund can be involved in it. In telecommunications, Alberta Government Telephones is as attuned as any other communications system, but I really have difficulty in trying to relate how the Heritage Savings Trust Fund can be related to the advancement of this type of technology, without . . . I would have to have more clarification of the role of the trust fund in it to find it a viable resolution to go forward from this committee.

MR CHAIRMAN: Mr. Notley did try to deal with that in his reply to Mr. Knaak. Did you wish to add to your earlier comments, Mr. Notley?

MR NOTLEY: Mr. Chairman, I think the question is that if the committee feels this is a viable type of initiative to take, there are a number of vehicles that are very directly affected by the Heritage Savings Trust Fund. The most obvious is the Alberta Opportunity Company, which is funded in part from the Heritage Savings Trust Fund. So what I'm saying here in the recommendation is that the industry is one that should be encouraged, and because we make funds available to at least one major agency which would undoubtedly be involved in this type of thing, that would be one route. But I wouldn't want to say that that would be the only available route, Mr. Chairman. I think there are other options, including investment. I don't think the word "encourage" would negate the possibility at some point of investment, or for that matter, through the Alberta Energy Company we've had at least one or two examples in this field -- not the most successful, unfortunately -- but that doesn't mean that the potential isn't there. That doesn't mean we shouldn't be prepared to undertake encouragement.

MR CHAIRMAN: Any further discussion? Those in favor of Recommendation IV.11? Those opposed? Defeated.

We're now going to discuss two recommendations, both submitted by Mr. Notley and both dealing with the question of accountability. They are recommendations IV.4 and V.1. Mr. Notley, please.

MR NOTLEY: Mr. Chairman, I think I made it clear I wasn't going to move IV.4, because V.1 deals with the principle. If it's either accepted or rejected, I think IV.4 becomes a little redundant. So rather than getting into a fallback position and saying, well, if we can't get V.1 accepted, we'll fall back to IV.4, I think the principle is the crucial one, and it's contained in V.1.

The debate that took place in the Legislature in 1976, probably more than anything else, centred around this question of whether there should be prior approval. I think that although this is a repetitive recommendation, I make no apology for it. The proper place to raise some of these recommendations, where one feels strongly, is in the committee. I don't think it is fair to tackle some of these issues if one hasn't brought them to the committee and the committee has had an opportunity either to accept or reject the principle contained in it. So the fact that it is repetitive is not relevant, in my judgment. This is another year, another committee, and it is a statement of principle that I hold very strongly.

It seems to me that the entire debate that there is a difference between an investment and an expenditure, which took place in 1976, really begs the question of parliamentary control of the purse strings. Parliamentary control of the purse strings has never developed in that kind of forced demarcation between investments and expenditures. Parliamentary control over the purse strings is based on financial decisions that have relevance to the jurisdiction, whatever the jurisdiction may be. The kinds of decisions that are made as a result of investments of the heritage trust fund in the Alberta investment division, the new divisions we've just set up, and in the Canadian investment division, have enormous impact on the jurisdiction, which is the province of Alberta. I realize that it limits the ease of investment, perhaps, but I think that's one of the things, one of the costs we have to bear in terms of developing a heritage savings trust fund as such, because we are talking about the people's money. We're talking about financial decisions that affect the people of Alberta. Those decisions should be fully debated in the Legislature before the investment is made. In most cases, that would

probably not lead to extensive debate, because much of the present portfolio -- one is not going to get into a great debate of 30-day versus 60-day notes; I'm not suggesting that. I do think that particularly as we look at the return of the fund, and even more important as we examine the emphasis we wish to place on diversification, that these are matters that must be discussed in the Legislature before the decision is made.

So while this is a little bit of a rerun of the debates in 1976, 1977, 1978, 1979, and 1980, it is nevertheless an important principle, and I would argue it just as strongly today as I attempted to do four years ago when the Heritage Savings Trust Fund Act was passed.

MR KNAAK: I have a question of clarification. I guess I don't understand the word "appropriation" in the context used there, and I wonder if Mr. Notley could clarify the intent of that word. Is that used in the normal sense of to appropriate something for one's use?

MR NOTLEY: Yes, it would be in line with the same principle that we already apply to the capital works division, where appropriations are brought in during the fall session, presented to the Legislature, debated, and passed, and the government then is authorized to spend up to a certain amount.

MR KNAAK: I ask the question because the Heritage Savings Trust Fund Act already appropriates 30 per cent of the revenue from non-renewable resources, and I'm just wondering how the two link.

MR NOTLEY: There'd be an important difference. The legislation appropriates 30 per cent of the revenues, but in terms of all the divisions with the exception of the capital works division, there is no requirement for appropriations to be passed by the Legislature. That doesn't deny the fact that we can do that; it's possible, but it doesn't require it to be done. The principle contained in recommendation no. 1 is that if funds are to be invested in certain ways, there would have to be appropriation for that.

That would not necessarily mean that to change from bonds to 30-day notes back to 90-day notes you'd have to have an appropriation every time that occurs. It would mean that if we're going to loan money, for example to the province of Nova Scotia, we'd have to come back here to get an appropriation passed by the Legislature. It would mean that if we were going to pick up half the costs of oil sands projects, in one way or another that would have to be an appropriation passed by the Legislature. It would mean that every financial decision, in fact, would require the consent of the Legislature before it's made.

MR PAHL: Mr. Chairman, I'm disappointed to learn that the Member for Spirit River-Fairview would be against loaning money to New Brunswick.

AN HON MEMBER: Nova Scotia.

MR PAHL: Nova Scotia, was it? I'm being a little facetious.

Mr. Chairman, I think there's a very valid reason why the total investment decisions cannot go before the Legislature. I suppose I'm restating the arguments of 1976. Obviously in some cases investment decisions, if they're going to be relevant and made in the best interests of the citizens of Alberta, cannot wait for a period of up to five months before they can come before the Legislature. I think the control over the Heritage Savings Trust Fund is well founded to the legislation, which brings back to the Legislature the accountability of the stewardship of the fund on a yearly basis. This

would simply shackle the investment committee in a way that would be unacceptable and inappropriate to the best interests of the citizens of Alberta and the management of the fund.

MR R CLARK: Mr. Chairman, I don't want to remake the arguments we've heard made in the Assembly on many times. On a number of occasions, I don't agree with my colleague, who's really to my left, although he's sitting to my right today. I think here we're really talking about the supremacy of the Legislative Assembly. I'm not surprised at the attitude expressed by the members of the committee from the government side, because that's basically been the government's position since the legislation came into the House. Let's not try to kid the troops. There are mechanisms like special warrants and those kinds of things that can make the urgent situation that was just pointed out by the hon. Member for Edmonton Mill Woods. If there was a real desire on behalf of this government to have the major financial decisions of the fund made in the Legislative Assembly, like the loans to other provinces, and have these discussions here -- which candidly, but beside the point, would do a great deal to help with national unity in this country. But getting back to the issue at hand, there is no reason that those decisions and discussions can't be made in this Legislative Assembly. The government has opted not to, but let's not kid ourselves and say it couldn't be done. It can be done. The government has chosen not to for reasons of their own, which I disagree with. But let's not try to give the impression here this morning that there couldn't be that kind of accountability if the government chose to, because there is enough breadth and scope within the process.

MR STEWART: Mr. Chairman, quite obviously both members of the opposition feel we're talking strictly on political grounds and that the reason for the government's decision to handle the Heritage Savings Trust Fund was political. I find it difficult to debate the question, because there's no doubt that every logical reason why it's established in its present form has been discussed before. So rather than spend any more time on it this morning, Mr. Chairman, I suggest we have the vote and get on to something else.

MR CHAIRMAN: Mr. Notley, do you wish to conclude the debate? And then I'll call for the question.

MR NOTLEY: Mr. Chairman, with great respect, first of all, I take great exception to Mr. Stewart's last observation. When I introduced the motion, at no time did I get into a discussion of the government's handling of the fund, but in fact dealt with the matter of principle. And it is an important matter of principle. I'm sorry that government members feel we should get on with the vote. I think we're going to have the debate over the years, but it is a very significant question of principle that relates to the supremacy of parliament.

There are ways in which the government can have some flexibility. I recall very well in 1976 the then Member for Calgary Buffalo, in one of the best speeches I can recall in the Legislature, went down the various objections and outlined how it would be possible and consistent with the principle of legislative control, for the government to make those decisions that have to be made quickly. Mr. Pahl says that we can't wait around for five months. Well, our timetable as MLAs is the public's business. If it's important to call the Legislature into special session, it can be called into special session. It's no great problem. But as Mr. Ghitter pointed out at the time, there's the use of special warrants. We all know that special warrants are used. Certain purchases can be made. As I recall, in 1974 a certain air line

was purchased by use of a special warrant. If the matter is such an emergency, that method can be used and then fully discussed and debated in the Legislature.

But in most cases, Mr. Chairman, the kind of investment that is made can and should require prior approval. I look at our neighboring province of Saskatchewan. Government members would probably not agree with the heritage fund of that province going into the purchase of potash. The point is that the debate over the purchase of potash took place before that portion of the potash industry was purchased. The authorization to use funds from the Saskatchewan heritage fund was made as a basis of prior approval in the Saskatchewan Legislature, as it should. I don't raise that simply to try to score a few political points, one province against another, but to say, Mr. Chairman and my fellow committee members, that one can make very significant public investments using the prior approval principle.

MR CHAIRMAN: Mr. Knaak, did you wish to get into this one?

MR KNAAK: No, Mr. Chairman, I think my points were made.

MR CHAIRMAN: Those in favor of Recommendation V.1? Those opposed?
Recommendation defeated.

Recommendation V.2, Diversification: Mr. Notley.

MR NOTLEY: Mr. Chairman, Recommendation V.2 would spell out the fundamental objective of the trust fund as one of diversifying the economy. Now, I think what we've seen in the last few years is a change in emphasis. In 1973 and '74 when the discussion about the need to diversify the economy first took place, the emphasis was on diversification. No question about that. The Premier even made a speech to the Calgary Chamber of Commerce in which he used the phrase: we have 10 years to diversify the economy of the province. Many of the remarks he made both in that speech and in the Legislature in the fall of 1974 I personally agree with.

When the Act was presented to the Legislature, I would say that the two concepts, diversification and strengthening the economy as well as a giant savings accounts for future generations, were about equal in terms of priority. What I suggest has happened subsequent to that debate from '74 through to '76, Mr. Chairman, is that we now see the savings element of the trust fund being given greater priority.

Mr. Chairman, I think the question we have to grapple with -- and it's the most significant question about the Heritage Savings Trust Fund -- is whether we want to rely on the revenues for a day when we are going to be in a somewhat tighter fiscal position in this province, or whether we want to use the trust fund now to diversify the province, to expand its industrial potential so we have a broader tax base. I would suggest that if we're really concerned about the rainy day, it is the broader tax base that is absolutely crucial, because we can run out of revenues very, very quickly.

Mr. Chairman, I recall the arguments of the opposition political parties in the late '50s and 1960s about the accumulated cash surplus of the then government. It looked very large. I think it was somewhere around \$500 million or \$600 million. It was a very impressive amount of money at that time. Perhaps in terms of the ratio, at least as impressive as the present heritage trust fund when you look at the expenditures of the government of Alberta, because I think the expenditures at that time were about \$300 million and the accumulated cash surplus was somewhere around \$500 million or \$600 million. So the ratio would be somewhat similar.

But the point I want to make, Mr. Chairman, is that when there was a downturn in the economy of Canada in the late '60s, it didn't take long before a large part of that surplus was very quickly used, because there were deficits. The first deficit of this government in 1972 was something over \$100 million, for example. The issue I want to underline is that the fiscal position of the province can change very, very quickly. What seems like a lot of money now could be used up extremely rapidly if there's a downturn in the economy. But what is far more secure, in terms of revenues, is the tax base. That's why the diversification aspect of the heritage trust fund, in my view, must be given the greatest priority.

The tax base, if it's there, will always give the yield that government requires, regardless of the inflation rate. That's what we should be looking at, rather than looking at money itself and this sort of sock routine, where we've got it stuffed under the bed. Maybe we're even getting it stuffed under the bed in such a way that we get good interest, but it's still not going to be as significant as the widespread tax base which will make the difference between Alberta being in a fiscally healthy position in 1995, as opposed to having had a fund that we ran through very quickly.

MR KNAAK: Thank you, Mr. Chairman. I just have a question to the Member for Spirit River-Fairview. I'm wondering how exactly he would envisage the trust fund being used to diversify the economy in ways that it's not now being used. In other words, could he be specific? I don't think any of us disagree with wanting to strengthen and diversify the Alberta economy. But how, specifically, can the trust fund be used, giving examples and ways in which it is not used now? In answering that questions, perhaps the member could also address himself to the problem of soaking up, now, unemployed people in the rest of Canada and bringing them to Alberta. What happens at a time when our economy then declines, if the intent is in fact to stimulate new industries that we couldn't otherwise support through the trust fund?

MR NOTLEY: Mr. Chairman, that's exactly the point -- the last comment Mr. Knaak made. We don't want to stimulate industries we can't support. That's one of the reasons Recommendation No. 3 is in the Economic Inventory. I don't want to get into producing the Bricklin motor car in Alberta, for example. We don't want to get into things that don't have any viability. The reason we talked about the computer industry is that most of us, whether we voted for that particular recommendation or not, see that as an industry that has some potential in a province like Alberta, because it's not going to be affected by high energy costs. So that's a very important point.

What should be done? I think there are a number of steps I would see us take, that I quite frankly doubt that members of this committee would support, all the way from a much more activist public role to pinpointing types of industries that have potential and encouraging them through agencies that we already have funding for but it's still difficult to use, like that Alberta Opportunity Company. I would see a much expanded role for the Alberta Opportunity Company. If we're going to diversify the economy of the province, we have to look at the Alberta Opportunity Company not just within its present limitation, which is a last resort lender. But I think we have to see it being substantially expanded. I see us expanding the use of the treasury branches even more, as an extension of the Treasury of the province of Alberta.

What are the areas that we should be getting into? We're probably prejudging Recommendation 3, but to get this in the proper context we almost have to look at Recommendation 3. The economic inventory of what is possible is a very crucial, so we're not just spending money wildly on industries that

have to be force-fed and will collapse as soon as the oil and gas are gone. That would be a very serious mistake. But there are potential industries in this province which are related to our renewable resources. It worries me, Mr. Knaak, a good deal about what is happening to our packing industry. It should worry all of us, especially the members from rural Alberta. Unless we do something about modernizing our packing industry, we stand a good chance of losing a major portion of it. That's our oldest manufacturing industry in Alberta. Yet it is an industry that has tremendous potential in this province. If it doesn't have potential in Alberta, where in heaven's name can it have potential in western Canada? Or is the packing industry going to be consigned to Toronto, Montreal, and Vancouver, to our major population centres. I say not. But we have to move beyond essentially a laissez-faire approach.

One of the things we have to do with the packing industry is make substantial investments in modernization of the plants. Where is the money going to come from? We could say it should come from the shareholders of Swifts and Canada Packers, and what have you. The fact of the matter is that it hasn't come, and we haven't got the modernization, and we're going to have to have it. We're going to have to have more specialization in different cuts of meat, as far as both pork and beef are concerned.

I raise those points, Mr. Chairman, because unless the emphasis is placed on diversification, we will end up, down the road, with a lot of money in a giant savings account, but we won't have developed our tax base. I come back to the point that it's the tax base that will determine it.

The other point Mr. Knaak raised that I want to answer: what about other people flocking in from all over Canada? There are going to be people flocking in from all over Canada largely because of our non-renewable energy-related megaprojects. I really don't think we're going to solve that problem. I think if we accept the concept of the mobility of people in Canada -- and as far as I know, all members of the committee do -- I don't think we can set up barriers at the Alberta border and say that somebody from Newfoundland can't come in. But the diversification in other areas will give us at least some chance of providing jobs, not for those people in the heavy oil and oil sands, where there is a foreseeable future for many years, but in the winding down of the oil and gas exploration industry, which is probably going to take place over the next couple of decades, and where a lot of our people are presently employed.

MR CHAIRMAN: Thank you, Mr. Notley. Mr. Pahl.

MR PAHL: Thank you, Mr. Chairman. I certainly accept in part what the mover of the recommendation is saying, but I would draw the committee's attention to the introductory remarks of the Provincial Treasurer in the report itself that we're considering. The last paragraph reads:

The Alberta Heritage Savings Trust Fund continues to work for Albertans and Canadians. After four years of successful operation it moves now to a new phase of challenging investment opportunities, economic diversification initiatives, and quality of life projects.

So I would think that the comments, although well stated and somewhat appropriate, hardly lend themselves to amendment of the Act. I think the dialogue was excellent, but I hardly think it supports the recommendation.

MR CHAIRMAN: There doesn't appear to be any further interest in debating this particular recommendation. Those in favor of Recommendation V.2? Those opposed? The recommendation is defeated.

There are six remaining recommendations. If the committee is agreeable, I would like to try to one more now. That would leave five for the afternoon.

MR NOTLEY: Could we take one of the other recommendations, because I am expecting a phone call in about three or four minutes.

MR CHAIRMAN: Certainly. Is the committee agreeable to remaining in the chambers for one more recommendation?

We will then go to No. 7 or No. 8, both of which are recommendations from Mr. Clark. Mr. Clark, would you be ready to proceed with Recommendation V.7?

MR R CLARK: Recommendation No. 7 primarily is placed before the committee, Mr. Chairman, because as far as my colleagues and I are concerned, it's a matter of considerable principle, that we spell out the fund in such a manner that it clearly reflects the function of the fund; those functions being, one, to produce a maximum rate of return, and then to develop the economic and human resources of Alberta in order to diversify the economy, which will educate the populace in years to come. What we see happening more and more, Mr. Chairman, is a spillover between the various ventures the government is becoming involved in within the fund; the result being -- and perhaps rather than use the term "spillover", say "confusion" between the two functions -- that we don't believe we're getting . . .

MR CHAIRMAN: Excuse me. Mr. Notley, I just want to remind you that we will plan to reconvene at 1 o'clock.

MR NOTLEY: Thank you.

MR CHAIRMAN: I'm sorry, Mr. Clark.

MR R CLARK: That's quite all right. We're really not getting the maximum return from the fund that we believe we should be getting. Earlier in the committee's discussions, I had the discussion with the Treasurer when we argued over whether the rate of return, at least from our point of view, had met the rate of inflation this year. We had the discussion over holding the instruments the government has until the date of maturity as opposed to what kind of rates of return we got this year.

It seems to me very essential, Mr. Chairman, that we clearly set aside a portion of the fund for the purpose of trying to get the best possible rate of return that we can; and then another portion of the fund dealing with economic and human resources of Alberta.

Let me take an example. I don't want to be misunderstood here by any members, but as a committee I think we agree that it's important that we make some investments in other provinces in Canada. We've done that, haven't we? If you look at those investments from the standpoint of getting the highest possible return we could get, there is no question we could get a higher return on that money. Clearly understand me, colleagues: I'm not suggesting we don't invest in other provinces. What I'm saying is that we have a portion of the fund -- and it may be half the fund -- that's involved in this question of diversification and helping with investments of other provinces within Canada, but we clearly see that as not getting the best possible return to the fund but is involved with the economic well being of Albertans in Canada.

Then we have the other side of the fund, and it's function is to get the best possible return.

I point out to members that where we in Alberta say the fund is unique, and it's certainly unique from the standpoint of the way in which it's handled, there are investment funds that other governments have. I have used the example of Alaska, but there are several states south of the Canadian/U.S. border, the country of Indonesia -- other areas have investment funds, some of which are earning a great deal greater return than we are. What I am saying to the members of the committee is that we should clearly set aside a portion of the fund to aim at getting the maximum return, and that we're really not looking after our responsibility to the future unless we do that.

That's why this recommendation is put in. It's basically also the reason why the members of the official opposition have not brought in a number of resolutions which, in the past, the committee has dealt with in one way or another. We see this question of rate of return and the separation of the fund into the two functions as being extremely, very, very important. Couple that with the question of getting information as to when the province will have to use the interest and then dip into the principal of the fund, being the two greatest matters of importance that we've chosen to put before the committee this year.

MR CHAIRMAN: Thank you, Mr. Clark. Committee comment?

MR PAHL: Mr. Chairman, I would like to support the hon. Leader of the Opposition's clear statement that there should be elements of the fund whose sole objective is to maximize the rate of return on investment, without any other criteria. I think that has to be a necessary evolution of the fund, and I would support that.

On the other hand, I would be very cautious, or in fact reluctant to support an either/or category all the way through the investments of the fund. I think there is a necessary blurring when you're dealing with strengthening and diversifying the Alberta economy. But I would support the concept that, where possible, we should move toward certain divisions of the fund, or certain compartments within the division, to be purely and simply a maximizing of return on investment, subject to those responsibilities of a prudent investor.

So I support the first part of the member's recommendation, and I think the philosophical intention behind it, that certain portions of the fund must work in the market place blind to anything other than, if you will, the bottom line. But in expressing that support, I would caution against wholehearted support of the recommendation, because there are so many other elements of the fund that I would see would not lend themselves to an either/or designation and might handcuff the very objectives that we wish to pursue in other dimensions.

MR STEWART: Mr. Chairman, I recognize what the hon. member is trying to achieve with this resolution. I believe we all recognize that to get a maximum return on an investment, you have to go beyond the realm of what you would probably call gilt-edged securities. I am also reluctant that we would pin ourselves to a certain percentage of that fund that would be utilized in that manner, other than to put a top line on it, for the simple, logical reason that those types of investments at some point in time may be very difficult to achieve. I think the combination of investment in what we might call risk ventures -- if one were a higher rate of return and the other was to generate or implement new industry within the province, it would have a twofold effect. But to be able to designate X percentage of the fund that will be invested in that manner, and report it back every year, I think would

be a very difficult thing to achieve. I would rather see it an upper limit of what percentage of the fund would be utilized in that fashion, rather than put the onus on the investment committee to invest an X portion. I feel that that would put them in an impossible position at times. I think there would be certain investments that may be attractive one year that would not be attractive the next year. I think an upper limit of what could be invested for that maximum rate of return would be a more appropriate way of approaching it.

MR CHAIRMAN: Any further discussion? Mr. Clark, did you wish to conclude?

MR R CLARK: Mr. Chairman, I would like to react to the comments made by the two members. Mr. Pahl talked about the necessary blurring. I recognize there is a necessary blurring. One can look at the money that I think this committee properly recommended to go into the scholarship programs. We're doing that, as I see it, as an investment in the human resources of Alberta. That would clearly fit into what I would see as the number two category there. No problem with that. And the kind of thing Mr. Stewart talked about, a high rate of return and new jobs. It's highly unlikely, I'm sure, that you're going to get something with a very high rate of return and also produce some new jobs in Alberta. If that were the case, that would be a great investment. But I don't think many of those are going to come down the pipe.

But what I'm saying to both gentlemen is that the kind of situations they set out would logically fall into the second category. I see the Alberta Opportunity Company in there, the ADC corporation, the Housing Corporation -- those kinds of investments. What I'm saying is that if we're truly going to keep faith with future generations in this province, for the heritage of tomorrow kind of thing, we have to use a portion of this fund to get the highest possible return that we can. There are people who make a business of this kind of thing around the world.

I should perhaps make another point. I think we have to go out and get some of the very best investment people we can find anyplace. Those are the kind of people we can use in looking at these kinds of investments on an outside-Canada basis. I know that rankles the skin of some people, but if we're going to get the highest possible return we can, that seems to be the way we have to go about it. I recognize there is the blurring, but that kind of thing, I think, logically fits into the second category.

MR PAHL: I wonder if the hon. Leader of the Opposition would entertain an amendment, which would at least get one supporter. I would recommend an amendment that reads: specific divisions of the Heritage Savings Trust Fund be identified as serving solely to produce the maximum possible rate of return on investment, while maintaining the responsibilities of a prudent investor.

MR CHAIRMAN: Mr. Clark and hon. members, I didn't make the effort to write that down, but on its first hearing would you care to respond, Mr. Clark?

MR R CLARK: I'd like to hear it again.

MR PAHL: What I'm proposing, in effect, is to remove the second part of it but to reflect the central intent of your point; that is, the recommendation would read: specific divisions, without specifying them at this time, of the Heritage Savings Trust Fund be identified as serving solely to produce the maximize possible rate of return on investment, while maintaining the responsibilities of a prudent investor.

MR R CLARK: I think that basically catches the intent of at least the first proposal there.

MR CHAIRMAN: Any further discussion of the amendment proposed by Mr. Pahl? Do the members present in the chambers feel they have had an adequate hearing of that one, without actually having it written and circulated? Those in favor of Recommendation V.7 as amended by Mr. Pahl? Those opposed? The amended recommendation carries. Mr. Pahl, could I trouble you to write that down and give it to Miss Ballard before you leave the chambers for lunch?

Perhaps, then, we could adjourn until 1 o'clock, at which time we'll try to complete the remaining five recommendations before us. Thank you.

The meeting adjourned at 12:05 p.m.