

[Chairman: Mr. Kowalski]

[10 a.m.]

MR. CHAIRMAN: Good morning, ladies and gentlemen. At the outset of this morning's meeting of the standing committee on the Alberta Heritage Savings Fund, I will review the disposition of the recommendations we dealt with yesterday, to keep all members up to date with it. If you have your documentation in front of you, I'll just quickly go through it and give you one of three things: approved as amended, approved, defeated, or withdrawn. I hope that my tally tallies up with your tally.

Recommendation No. 1 we approved as amended. Recommendation No. 2 was approved. Recommendation No. 3 was approved as amended. Recommendation No. 4 was approved as amended. Recommendation No. 5 was defeated. Recommendation No. 6 was defeated. Recommendation No. 7 was defeated. Recommendation No. 8 was approved. Recommendation No. 9 was approved. Recommendation No. 10 was defeated. Recommendation No. 11 was defeated. Recommendation No. 12 was approved. Recommendation No. 13 was approved with a minor amendment. Recommendation No. 14 was defeated. Recommendation No. 15 was withdrawn. Recommendation No. 16 was defeated. Recommendation No. 17 was defeated. Recommendation No. 18 was withdrawn. Recommendation No. 19 was put on hold. Recommendation No. 20 was defeated. Recommendation No. 21 was defeated. Recommendation No. 22 was withdrawn. Recommendation No. 23 was approved. Recommendation No. 24 was put on hold. Recommendation No. 25 was put on hold. Recommendation No. 26 was defeated. Recommendation No. 27 was put on hold. Recommendation No. 28 was defeated. Recommendation No. 29 was put on hold. Recommendation No. 30 was put on hold. Recommendation No. 31 was defeated. Recommendation No. 32 was defeated. Recommendation No. 33 was defeated. Recommendation No. 34 was defeated. Recommendation No. 35 was defeated. Recommendation No. 36 was put on hold. Recommendation No. 37 was approved. Recommendation No. 38 was put on hold. Recommendation No. 39 was defeated. Recommendation No. 40 was put on hold, as were recommendations 41 and 42. The hold category also applies to recommendations 43, 44, 45, 46, and 47.

So the business at hand this morning is to go through those recommendations that were put on hold yesterday. We'll begin with Recommendation No. 19: Mr. Notley.

MR. NOTLEY: Mr. Chairman, Recommendation No. 19 is a matter we discussed when we last met. In my view, there is really very little to add other than to suggest that I suppose it's going to be difficult for members of the committee, in view of the fact you've already passed a recommendation emphasizing the savings aspect, to approve the principle of Recommendation 19. However, I would argue that the trust fund, if it's to be effective, must emphasize diversification, and that must be the primary goal.

MR. THOMPSON: Mr. Chairman, I agree with diversification being a goal, but I honestly believe that in the trust fund Act, the preamble and what have you, savings and investment was the primary goal. I have no problem at all with diversification, but I have problems with the "primary objective" clause that is in this motion. I think we as a committee must still keep in mind that the savings and investment aspect of the fund is a primary objective.

So under those circumstances, Mr. Chairman, I would have trouble supporting this recommendation.

MR. CHAIRMAN: Are there additional committee members who wish to participate? If not, Mr. Notley, do you have anything further to say on it in closing debate?

MR. NOTLEY: In closing, Mr. Chairman, just to say that I think I have a fairly fundamental difference of opinion with the government's view of the trust fund. I think we have to emphasize diversification; it has to be the primary goal. Obviously, it is a supplementary goal. I would just ask members to think back to the document that was prepared by the former Official Opposition — I forget the exact year, but several years back — which said that what happens when you attempt to do two things, when you attempt to make a trust fund into a savings account and to use it as diversification, is that you don't do either very well.

Our feeling is that the major argument for a trust fund at this stage is to emphasize diversification. It's perhaps obvious at this stage that that's not a view held by all. Let the vote go ahead.

MR. CHAIRMAN: Committee members who want to display their support for Recommendation No. 19, kindly signify that approval by raising their hand. Three. Committee members who are in disagreement with Recommendation No. 19, kindly indicate by raising their hand. That's five. So Recommendation 19 is defeated.

Recommendation No. 24: Mr. Nelson.

MR. NELSON: Thank you, Mr. Chairman. We discussed this at a previous meeting. Basically I think that if we're talking about diversification of the economy, we are in a position where technology has to be given some forefront, and maybe a note to our financial wizards that we should examine this area, as we do with other technologies, including health and the sciences. We may not have a lot of money in the till right now, but I think we should give this the opportunity to be put forward to the government as an alternative in the near future, so that we can attract further research in the province, to attract jobs and other activities which would probably create additional jobs as offspring to this type of activity.

I don't think I need to elaborate any further, Mr. Chairman.

MR. MUSGREAVE: Mr. Chairman, I would like to add my support for No. 24. However, as it is very similar in nature to No. 33, which was soundly defeated yesterday, I guess I realize what is going to happen to this one also. I just want to emphasize the point that I think we should maybe change direction in how we are doing our investment in the province. Obviously this is an area where we should be concentrating.

MR. GOGO: Mr. Chairman, I very much disagree with the Member for Calgary McKnight. This makes no reference to the Alberta Research Council. I think there is a substantial difference in the intent of motions 33 and 24.

MR. MUSGREAVE: On a point of order, Mr. Chairman. I was referring to item No. 32.

MR. GOGO: Mr. Chairman, if the hon. member would get his numbers straight, because 33 deals specifically with the Alberta Research Council.

MR. MUSGREAVE: That's exactly the point.

MR. GOGO: If he wants to apologize to this committee and to me, Mr. Chairman, that's fine. I'll withdraw my comment.

MR. MUSGREAVE: Your withdrawal is accepted.

MR. GOGO: I guess the problem I have now, Chairman, and maybe I haven't done my homework, but the operative words that "funding from the fund continue" — I really don't

know where that is. I strongly endorse the principle, recognizing the limitations of Alberta, that this is one area we could probably shine in. My tendency is to support it; I just don't know where that funding is going now. Maybe Mr. Nelson could expand on that, if that is allowed.

MR. MARTIN: Again, I will not support this, even though it may be a very good idea, for the same reason I advanced yesterday on 32 or 33 — whatever it was. It seems to me that we have to have a plan to know where we're going, rather than ad hoc resolutions in different areas. If this was part of an overall plan that said that we would continue to further this, I would perhaps be able to support it. There is some talk now that we've already missed out on high technology. It may be too late to pass a resolution saying that we're going to further Alberta's efforts in the areas of research and development. Rather than being nailed down to a specific area, I think the idea we've advanced of having an economic council and a plan, and seeing where all the component parts fall into it, would make much more sense than passing resolutions.

This may or may not be a good resolution. But without an overall direction about where we're going, I cannot support it.

MR. R. MOORE: Mr. Chairman, the resolution states that the fund "continue" to be used. It doesn't commit more money. Like one of the previous speakers, I'm not aware of where our money is going now. But I would certainly hesitate to cut back in any area that we're presently funding in this area, any program that might be in place. Inasmuch as it doesn't commit additional funds, I'm supportive of it.

MR. CHAIRMAN: Mr. Nelson, you can conclude the discussion.

MR. NELSON: Thank you, Mr. Chairman. I'm surprised at the hon. member in the opposition not wanting to support an area that might create a few jobs. All too often we hear about diversification, job creation, and what have you. Here we have an area that ultimately will probably create a number of jobs. Suggesting that it's too late — what is too late? It's never too late to try to help people.

I would suggest, Mr. Chairman, that the area of developing jobs and creating scientific technology within the community is a good idea. I ask for support on this resolution.

MR. CHAIRMAN: We'll now see, Mr. Nelson. All members in favor of supporting Recommendation No. 24, kindly signify by raising a hand. Six. All members opposed? Four. It's approved.

Mr. Notley, Recommendation No. 25.

MR. MARTIN: We believe in ad hocery, like Nelson.

MR. MUSGREAVE: It's called independent thinking.

MR. NOTLEY: Yes, independent thinking. Showing how independent thinking the NDP caucus is — split over a major matter.

I want to just add a couple of comments to the observations I made last time. Tourism is a major industry in the province. I think you can make the argument that capital investment can have no tangible economic benefit or it can have a significant economic benefit in a seed way. When one looks at tourism around the world, there's no doubt that the use of history to promote a healthy tourism industry is something that is — the evidence is just overwhelming. We have some quite useful efforts undertaken, but to a large extent those efforts have been somewhat smaller than the potential in terms of our own history.

I often think that in the west, we feel that because we are a new part of the country we don't have a rich and colorful history. That's just not true. We do. We still have an opportunity to preserve much of this history if we act relatively quickly. So if we can invest money as we have in the Kananaskis and other projects of that ilk, relating it as we do not only to the opportunity for Albertans to enjoy this province but to the tourist potential, I would suggest to members of the committee that a recognition of the relationship of historic sites to our tourist industry is an important one and is an investment that might well yield dividends down the road.

MR. HYLAND: Mr. Chairman, I find myself in a strange spot, agreeing with Mr. Notley. I think he is right in that there are a lot of things we have to be proud of in our history. In his motion, he relates to the "marking of historic sites". I think that could be carried out through the General Revenue Fund, through the Department of Tourism and Small Business.

The remainder of the motion is right, I think. I believe that is the one thing that not only we in western Canada but, in a lot of cases, in all of Canada can learn from the U.S. people. They're very cognizant and proud of their history. We tend to forget a lot of ours, and we seem to have a compassion that the minute some building gets 40 or 50 years old, it needs a bulldozer to knock it over instead of refurbishing it. I think that is something we should re-examine.

Last week some of us had the opportunity to go through the Ukrainian Village. I think these kinds of things and other historic sites around the province are things we should work at keeping. Also, we should involve local people as much as possible so that if historic sites are preserved, local volunteer groups can maintain and run them instead of having government involved in the running of them. I think local groups should be supportive and operate them.

MR. GOGO: Mr. Chairman, I support this recommendation, for the following reasons. Although we in Alberta really don't have what you call a tremendous amount of heritage in chronological terms — we're sort of the new kid on the block; we have citizens here today who were here before we as a province were — I very much support this because I think it's ideal to use the heritage fund for historic sites.

One caveat I guess I would have: I think the strength in the legislation, by designating historic sites, has caused some problems for municipalities in terms of development.

I have a question for the Member for Spirit River-Fairview. The fourth last word in the last sentence: I don't know whether that is "marking" or "marketing". As long as you're going to relate it to tourism, you should have that word as "marketing".

MR. THOMPSON: Mr. Chairman, I'm a great believer in tourism too. I think our heritage trust fund, if it's used rightly in Kananaskis and that, will really attract people to our province. I can understand where somebody may drive a thousand or two thousand miles to come to Kananaskis. However, I have real problems understanding how somebody would make an effort to come to an historic site. If the tourists are there, then naturally they will probably check out historic sites. But I can't see that that would be the magnet that would actually draw tourists to our province.

So if we are using the heritage trust fund to attract the tourist industry to Alberta, I would be far happier to see us concentrate in the area of the Kananaskis park.

MR. ANDERSON: Mr. Chairman, I have no difficulty with this resolution in terms of what it is attempting to accomplish. I guess my concern is equal to that expressed regarding other resolutions; that is, where does the money come from at this particular time, if it's a motion that is meant to utilize the heritage fund now? We know that we have depleted it, as was so eloquently indicated yesterday by a couple of speakers.

Where do the funds come from at this point?

If the proposer of the motion can indicate that in his closing remarks or that it's a long-term possibility, he might convince me to support it. Other than that, it seems fairly academic at this point.

MR. NOTLEY: Perhaps I can begin with Mr. Anderson's comments first. The recommendation is a direction. For example, I recall when we first recommended a scholarship fund, we did not designate an amount. The government, after looking over what was possible, decided that \$100 million could be set aside. This committee, however, did originate the suggestion, and at that time it was just a suggestion. I certainly recognize that any effort to develop the historical tourist potential of this province is not something you could do overnight. It would have to be a program developed by the Department of Culture, and a concrete proposal would have to be made to the entire Legislative Assembly because all capital works projects have to be approved by the Legislature.

What I wanted to do in this recommendation, however, was to underscore the fact that if you're talking about a heritage trust fund, part of our heritage is our history. Our history is also marketable in terms of tourism. So if you're talking about diversification, everyone I discuss diversification with acknowledges that tourism is going to be an important part of Alberta's economic future. There is a link.

I just want to make one other comment. Mr. Thompson said he didn't think our history would draw people to Alberta. I'm not sure I would agree with that. But I would certainly say that the historic sites, properly developed, would be a tremendous emphasis to encourage Albertans to travel within the province more than they have. We have all kinds of schemes that are designed to "travel in Alberta". As you drive through the province and see the distinctiveness not only of our geography but of the patterns of development and the history those patterns created, there's just a tremendous potential for the tourist industry. Consider what would have happened in the United States if we had been able to have preserved one of those Coal Branch mining communities. In the United States they have massive tourist potential using ghost towns as a basis. In British Columbia we have Barkerville. Many of you have probably seen Barkerville. It's an extremely interesting site. It's also great for tourism for that part of British Columbia. People come from all over the place to see it. It's a recognition by the province of British Columbia that history is preserved not only for its own sake but, by George, there's a lot of money to be made. The cabins and all the other golf courses and associated tourist operations that are at least partially dependent on Barkerville convinced me that there is a direct relationship between history itself and the tourist industry.

We've got potential in this province, too, that I think we overlook.

MR. CHAIRMAN: Would committee members who wish to identify their approval of Recommendation 25 kindly do so by raising a hand. Five. Committee members who are in disagreement with Recommendation 25 kindly raise your hands. Five. I'm voting in favor of Recommendation 25. Recommendation 25 is approved.

Recommendation 27: Mr. Nelson.

MR. NELSON: Mr. Chairman, I feel we discussed this item previously. I don't feel there is any further comment to add other than to suggest that libraries, especially in our rural communities, are in much need of assistance. This is one way in which that assistance can be given at some time in the future when moneys may be available.

MR. HYLAND: Mr. Chairman, just to support this resolution. Out of the trust fund, we had substantial amounts of money for postsecondary institutions. I think there have been a lot of people out there who have worked hard in small libraries. The government has

increased the funding many times over, but they're still having problems. I think it would make them more equal to the larger institutions if they had a way to access funds. I think it should be exclusively for the purchase of books and equipment, and not for building.

MR. CHAIRMAN: Mr. Nelson, you can conclude the discussion.

MR. NELSON: I don't feel anything further is necessary, Mr. Chairman.

MR. CHAIRMAN: All committee members in favor of supporting Recommendation 27 kindly do so by raising a hand. Four. All committee members who are in disagreement with Recommendation 27 kindly do so. That's eight to four. That's defeated.

Recommendation 29: Mr. Notley.

MR. NOTLEY: Mr. Chairman, Recommendation No. 29 is just a reaffirmation of proposals made to past meetings of this committee.

MRS. CRIPPS: I guess I have some reservations about motion No. 29, because we can't market or move the products we now have. We're talking about the subsidized development of new land, and in many cases it's marginal. I just can't see further subsidization of new agricultural land until we can market and move the product we now produce.

MR. NOTLEY: I think there's no question that improving our transportation is important. That comes in Recommendation No. 30. I see the two going hand in hand. I'm not quite as pessimistic as Mrs. Cripps about the long-term marketing potential for this province. Of course, we're not talking about an immediate program; we talking about a program over the next seven years.

I guess the argument we get from many people is that we can't market what we're already producing and therefore let's go slow. But I come back to what would have happened in the history of this province and of Canada if we had taken that attitude. We've always had difficulties finding markets. But we've pushed the frontier west, we've pushed it north, and we've grown stronger as a consequence. The last agricultural frontier of much consequence in North America is in Alberta. I think Dr. Horner saw that in his report and sensed the potential excitement. I in my constituency I still have people who are homesteaders. That's probably unusual for other rural members, although it wouldn't be in Mrs. Cripps' case; I think there is still some land that is opening up there. But in many ridings in the southern part of the province . . .

MRS. CRIPPS: I'm a homesteader.

MR. NOTLEY: Fair enough. The door would have been closed 50 or 60 years ago, but there is still potential. But I do think that No. 29 and No. 30 are linked together.

MR. CHAIRMAN: Would committee members in favor of supporting Recommendation 29 kindly indicate that support by raising a hand. Two. Committee members who are in disagreement with Recommendation 29 kindly do so by raising a hand. That's defeated.

Recommendation 30: Mr. Notley.

MR. NOTLEY: Mr. Chairman, Recommendation 30: I have really nothing to add to the comments I made when the committee last met.

MR. GOGO: Based on the comments yesterday, Chairman, I have reluctance to see us spend money we don't have. If the proposer would care to amend that recommendation:

rather than "to move immediately", "to undertake a study". I know we study things to death, but because I don't know I would be inclined to think I could live with undertaking a study to look into the completion of that northern rail link to B.C.

MR. R. MOORE: Mr. Chairman, I don't think any of us disagree with improving our northern railroads. But "to move immediately" into this area when we haven't the money, I don't think is proper planning. We have more pressing use for it than moving into this rail expansion at this time. I'm for the concept, but I can't go with it immediately.

MR. NOTLEY: Mr. Chairman, obviously I would like to see us move more quickly. But if someone would like to move an amendment that we recommend a study, since I'm in a good mood this morning I would be prepared to support a friendly amendment from Mr. Gogo, if he wishes to propose one. However, I do think we can't really be serious about moving grain unless we take a look at rationalizing our grain movement and the distance. We have a tremendous public investment across the border in the B.C.R. We don't know what is going to happen to the Crow rate. I don't intend to get into that argument. But I know that if we abandon the Crow rate and we then have a user-pay system, the last thing Peace River farmers want is an extra 500 miles one way to get to Prince Rupert or Vancouver. The reduction of the distance by utilizing the B.C.R. is just an overwhelming factor in the efficient movement of grain. We do have the sort of traditional routes we've looked at. But in addition to the traditional routes, Mr. Chairman, we now have the Tumbler Ridge site, which is within striking distance of Beaverlodge and would allow us to make a link there.

So if someone would like to propose an amendment, I would be quite happy to see that done. Or, with the permission of members of the committee, I would strike out "move immediately" and insert "initiate a study" in the interest of improved market access for northern Alberta toward the completion of a northern rail link to B.C.

MR. CHAIRMAN: In terms of simplification, Mr. Notley, in essence the modification you've made to your recommendation would be the new recommendation, instead of having an amendment. The first line in your recommendation would read: that the committee urge the government to initiate a study in the interest of . . .

Committee members who are in favor of Recommendation 30 kindly signify by raising a hand. Five. Committee members who are in disagreement with Recommendation 30 kindly do so by raising a hand. Five. The chairman will vote in the negative on this one.

MR. NOTLEY: Mr. Chairman, if I could just excuse myself for a minute or two and you could go onto several of the recommendations that are not mine, I'll be back in about five or ten minutes.

MR. CHAIRMAN: That's fine, Mr. Notley. The next one is Recommendation 36, which is yours. We'll go to Recommendation 38: Mr. Nelson.

MR. NELSON: Mr. Chairman, I've been advised that this is placed in error, and I'd like to withdraw the motion. It should be with the General Revenue Fund. It's probably an item that might be discussed in Public Accounts or another area, but it's certainly not for this area. I'd like to withdraw it.

MR. CHAIRMAN: No. 38 is withdrawn. Recommendations 40, 41, and 42 are Mr. Notley's, who is out for a few minutes. We'll now go to Recommendation 43: Mr. Alexander.

MRS. DAVIDSON: He's not here.

MR. CHAIRMAN: Then we'll just skip those for a few minutes and go to Recommendation 47: Mr. Speaker.

MR. R. SPEAKER: Mr. Chairman, I think my recommendation is even more timely with the announcement by the Provincial Treasurer this morning of an increase of five points of income tax, or a 13 per cent increase in income tax being paid by Albertans. As I review the minister's press release, I note that the minister comments with regard to the Heritage Savings Trust Fund and the fact that

every dollar of the Fund's income and half the traditional resource revenue transfer is now being applied to . . . pay for the Economic Resurgence Programs and to reduce the deficit. The remaining 15% resource revenue transfer is totally committed and needed to finance loans for small business and farmers, to build senior citizen lodges, the Prince Rupert Terminal, the Mackenzie Health Sciences Centre, for oil sands research, irrigation, etc. The entire Heritage Fund represents only about 18 months of current government expenditure in Alberta.

I think that's a true statement and a matter of fact which says to us that the capability of the fund is only one in which current programs may be carried on and that the fund does require new revenue each year to carry on those particular programs. My recommendation does that. That's number one.

Secondly, the recommendation is made to maintain the integrity of the Heritage Savings Trust Fund. When we take away its earnings from its investments, we erode its base and take away its integrity. I think it is suffering from a case of unpredictability. We don't know what its future is in that case. So if we make a policy decision here, and it is recommended to government that the integrity of the fund will be maintained by the fund retaining its revenue earned by investments, that revenue can be applied to ongoing programs. If there's some left over, we can think of some new programs. But in my mind that is a responsible approach. That's why I recommended it.

The second thing I've recommended is with regard to the other 15 per cent. The Provincial Treasurer made a case in his news release this morning that the government needs the 15 per cent for general revenue expenditures. I can appreciate that, and I'm sure that's true. What my recommendation does here is substitution. From the 15 per cent, the general revenue of this province obtains some \$1.5 billion in round figures. The earnings of the Heritage Savings Trust Fund from investments was around \$1.5 billion, a little less. It's fairly close, one to the other. What I'm saying is that we do an exchange, and in doing that exchange we continue to maintain the integrity of the fund. We also say that all resource revenue is going to go into the general revenue of this province to meet ongoing expenditures.

If the government wishes to do economic resurgence or diversification or whatever it is, it is done within the total budgeting process of this Legislature and the government. It also brings back to this Legislature the utilization of a very sacred principle; that is, every member will have the opportunity to speak and be part of the determination of the future use of oil and gas revenues, or natural resource revenues, for this province. We've argued that many times in this committee and in the Legislature. Over 88 per cent of the investments or savings, or expenditures, where that may apply, is done by the cabinet and outside the legislative process. I think it's time we brought it back to the authority and jurisdiction of the Legislature. But that's just one of the bonuses of what I'm recommending.

With that type of approach, utilized along with some cuts in government — and this is a little further than the item I'm talking about, Mr. Chairman, but it's part of it — I



feel the government of the province of Alberta could balance their budget without the introduction of new taxes, such as was done this morning by the Provincial Treasurer. It could have been done. I would say that my recommendation here is sound at this point in time and certainly, as I see it, would be the right approach for government under the circumstances we face.

MR. MARTIN: Mr. Speaker, in closing debate there's one specific question, but I think I generally support this. It comes back to the one I withdrew, No. 18, that the Legislature have some control over the heritage trust fund. As I understand it, what we're saying: number one is clear; number two, that the resource revenue come into the general revenue and that because you have that extra money, you do not have to fund ongoing government projects. I think it's generally a very sound procedure. I think it's more democratic, which is the purpose of it, and that was the purpose of 18. I suppose at some point then they could decide that they could afford to put 15 per cent back into the heritage trust fund. That's not clear in there. If there was extra money that's not saying that some couldn't be diverted, but my understanding is that each year you would decide what your needs were. Some could be diverted into it; it might be 15 per cent one year, 40 per cent another year, if we had a good year. That would be my question, if that was implicit. Maybe Mr. Speaker could answer that. If that's the case, then I would have no problem supporting it. I think it's a good resolution.

MR. THOMPSON: Maybe Mr. Speaker can explain this "ongoing government programs" part of it in his summation. Nearly all the investments we make through the heritage trust fund are ongoing, whether it's medical research, ADC, AHC, or any of them. Getting back to the Member for Edmonton Norwood, he really doesn't like ad hockery, but to my way of thinking this would increase the ad hockery aspect of it. Maybe the member could explain what he means by "ongoing government programs", because I think that most everything the fund is invested in is an ongoing program.

MR. GOGO: My comments, Chairman, are similar to Mr. Thompson's. In view of the fact that we passed 23, it then becomes inconsistent if the committee passes number three of Recommendation 47.

MR. CHAIRMAN: Mr. Speaker, you can conclude the discussion.

MR. R. SPEAKER: Did you say No. 23, Mr. Gogo?

MR. GOGO: Farming for the Future by Mr. Musgreave. I think we passed that.

MR. R. SPEAKER: Mr. Chairman, in response to the last inquiry with regard to the definition of "ongoing", a number of times I've felt we've funded programs from the heritage fund that were the responsibility of the General Revenue Fund of the province. I've often felt that we had sort of violated the integrity of the fund, which had as its purpose savings, investments for the future and the heritage of the province, or diversification. These were rather unique, special programs that were different from ongoing general revenue programs, such as health care, roads in the province, parks — even parks which were funded from the heritage fund, which I often thought was a questionable thing. What I'm saying is, let's leave those that seem to be the responsibility of general revenue in general revenue.

If we have a surplus after we have made the decision that all the resource revenue go into general revenue, then some of these special kinds of programs that may be ongoing would be financed there and administered through the regular government departments and agencies. That's the reason I said ongoing. Certainly there are programs from the heritage fund, such as irrigation rehabilitation and cancer research, which are special

areas where the government and also the Legislature wanted to invest a certain amount for that special consideration. We supported that, but there is a difference. It's often a judgment call, but there is a difference.

I've felt that as the demands of people in Alberta continue, their expectation continues. They're expecting the heritage fund to fund ongoing general revenue programs such as health care. I hear that many times. We've said that in this committee. They say, why can't we build a road and get it out of the heritage fund? The pollution in the Bow River — I heard that at a meeting just recently. Let's cure the pollution in the Bow River by taking a huge sum out of the heritage fund. All those are ongoing programs that have been and should be the responsibility of the General Revenue Fund of the province. I'm just saying let's put things back in the right perspective, in their right category and that the heritage fund now become a very special fund with limitations at this point in time. I respond to that part of it.

The other part: could we afford to put some back sometime? I would say that funds that would be diverted back to the heritage fund from the resource revenue should be diverted at a time — and they can be — when there are special kinds of programs determined by the Legislature where we need to place a special emphasis in some areas. Let's say we want to really put an emphasis on tourism in this province, and we want to do some special kinds of things for historical sites. We would say: look, we have a surplus this year in the General Revenue Fund, and we're going to transfer funds to the heritage fund to do that special job. Yes, it can be transferred back. I could see that under those conditions. I think that covers the two inquiries that were made.

The other point I want to make is that when we think in terms of the expectations of Albertans, when they know and understand what the Provincial Treasurer said to the people of Alberta this morning, that the fund now has not a capability of meeting expectations, when we as a committee here have said the fund now has a ceiling, the parameters are clear, no more resource revenue is being diverted, and that its only new revenue comes from its own earnings, the people of Alberta will say: well, I guess we can't expect all of these things and we must look at the general revenue expenditure budget of this province and live within that and within the possible expectations of that.

We would be sending a very clear message to Albertans as to where we stand financially by supporting this kind of recommendation.

MR. CHAIRMAN: Will committee members in favor of supporting Recommendation 47 kindly indicate their support by raising a hand. Four. Would committee members who are in disagreement with Recommendation 47 kindly indicate their disagreement by raising a hand. Six. It's defeated.

I think we can anticipate the return of Mr. Notley momentarily. I would address committee members then to recommendations 43, 44, 45, and 46. Members will recall that on October 4 these recommendations were read into the record by the chairman in the absence of the member who was sponsoring the recommendations. These recommendations are now here for us for resolution today, and the member who is sponsoring the recommendations is not here. Be that as it may, that the recommendation is read into the record, let's deal with Recommendation 43 and see if there's any discussion on it. If not, we'll call for a vote.

MR. ANDERSON: Just briefly, Mr. Chairman, I wish the member who had proposed it were here, because I'd like him to explain several of these. But on this particular one, I agree with the concept of not competing with private business, but, if I read this correctly, in its strictest form it would negate the possibility of further investments via the Alberta Opportunity Company and other arms of government. I would find that difficult to accept. So with no further explanation from the member, I'd have to oppose this motion.

MR. GOGO: On a point of order, Mr. Chairman. Mr. Notley has returned. Perhaps we could deal with Mr. Notley's recommendations. Mr. Alexander may well be here by that time.

MR. CHAIRMAN: That's appropriate now, Mr. Gogo. The ruling or decision that I wanted to advance at that time was predicated on the absence of Mr. Notley, and that would be most appropriate.

Mr. Notley, could we go to Recommendation 36?

MR. NOTLEY: Mr. Chairman, I will withdraw 36, not because I've changed my mind but because I think the proper place to debate that is in the Legislature.

MR. CHAIRMAN: Okay. Recommendation 36 is withdrawn.  
Recommendation 40, Mr. Notley.

MR. NOTLEY: Mr. Chairman, I think we discussed Recommendation No. 40 last time, and the basic argument would be to sell such debentures as we could to free up more of the trust fund for other purposes. While it is convenient to put trust fund money in Crown corporations, because these corporations have very strong borrowing power, I've always felt that it was only sensible in the absence of other alternative investments. We've heard from various members: where are we going to get the money for this; where are we going to get the money for that? It seems to me the question is, do we have reasonable investment proposals? If we have reasonable investment proposals, then one of the places where we can get the money is to sell some of these debentures as it's possible, as conditions in the market allow.

I think that's the important thing, Mr. Chairman. No one is saying that we go out and dump all the debentures. I certainly would not recommend that. Depending on the particular set of debentures and the years, we could lose considerable sums of money. So we don't want to do that. The question is, with the expertise that has been developed in the Treasury, that you would market those debentures as it makes sense to do so. The proceeds, of course, would then allow us to have more flexibility in making investment decisions as far as the trust fund is concerned.

At this stage I agree with — I wasn't here yesterday when much of this debate occurred, but as I understand the consensus of the debate, there was a feeling that in fact the trust fund is all locked up, that there really is no more money available. That's basically quite correct, except that we're presuming that all this money that is locked into these debentures has to be left there forever. That's not a correct assumption. It becomes a management decision as to whether or not we shift some of the funds out of those debentures into other investment projects and then allow those corporations that have the backing of the province and the credit rating of the province to be able to borrow on the money market.

MR. GOGO: Mr. Chairman, I think there's a lot of merit in what Mr. Notley is suggesting. I find it a little surprising but very encouraging that he's wanting us to sell something to the private sector and realize some revenue.

I have a little difficulty with the wording, and I'd like to make an amendment to it. First of all, I would draw the committee's attention to the last four words "at or above cost". I don't think that should ever be a factor. I think we should rely on the market. So my suggested amendment, Chairman, would be — and I'll read it slowly — that the committee recommend that consideration be given to selling debentures currently held by the trust fund in Alberta Opportunity Company, Alberta Agricultural Development Corporation, Alberta Municipal Financing Corporation, the Alberta Home Mortgage Corporation, the Alberta Housing Corporation, and the AGT Commission, as conditions in the market permit. I have the wording here if the secretary would like a copy. I don't

have copies for everybody.

MR. CHAIRMAN: I'll repeat that proposed amendment: that the committee recommend that consideration be given to selling debentures currently held by the trust fund in the Alberta Opportunity Company, the Agricultural Development Corporation, the Alberta Municipal Financing Corporation, the Alberta Home Mortgage Corporation, the Alberta Housing Corporation, and the AGT Commission, as conditions in the market permit.

MR. NOTLEY: I would certainly accept the amendment.

MR. NELSON: Mr. Chairman, I find myself in a quandary here, agreeing with the Member for Spirit River-Fairview. I am delighted with the motion, especially with the amendment which certainly puts it in even a much better perspective. I would suggest that all members give this their undying support because it just makes all kinds of sense as far as the activity that's been proposed is concerned.

Thank you.

MR. THOMPSON: Well, I'm still uneasy about taking — and I follow Mr. Speaker to some degree. I think that basically we should try to keep — maybe I'm too rigid; I don't know. I would like to see us more or less stay with what we have. I think the fund has operated well financially in the past. I'd just say this to everyone: so you sell the debentures; what are you going to buy that's better? From my point of view, from an investment point of view, I don't know where you are going to find a better investment than these listed in the recommendation. So from my point of view at least, unless we have specific areas that we feel would be a better investment — and I continue to underline the word "investment" — I just have trouble with the recommendation and the amendment.

MR. CHAIRMAN: No further comments from committee members on the amendment? Would committee members like the amendment to be read again, or do you all understand?

Committee members who are in favor of the amendment, kindly signify your approval by raising a hand. Those opposed? That's carried.

Committee members in favor of the recommendation as amended, kindly signify by raising a hand. Opposed? So Recommendation 40 is then approved as amended.

Mr. Notley: Recommendation 41.

MR. NOTLEY: Mr. Chairman, I was going to say that I've spoken on Recommendation 41, and I guess I have not. The basic idea behind Recommendation 41 is to recognize the potential market for coal that we have in this country. I know that the other day in the House of Commons Mr. Pepin said that simple economics make it better to import coal from the United States to central Canada. The fact of the matter is that we now have Canadian concern expressed over acid rain, and we have about one-eighth the sulphur content in our coal from western Canada than the coal brought in from Pennsylvania does as far as the central Canadian market is concerned. If one looks at the environmental aspects and considers that as an important issue, our coal is much preferable.

But of course in order to be able to market western Canadian coal, we have to have a blending industry. That could either be here or at the Lakehead, although I certainly would tend to agree with the coal policy note of 1976 — I'm looking for it here — which suggested that that in fact be one type of industry we site in Alberta. But whether it's sited in Alberta, or wherever, the coal industry is a major employer in western Canada, although in the last several years it's been forced to lay off a number of workers.

Now some may say: are we not really taking a wrong approach here; wouldn't it make more sense to focus our efforts on export as opposed to supplying the Canadian market? The information I have been able to obtain, including the most recent forecast

of coal mining prepared for B.C. Hydro in March 1983, is that if we think we're going to develop coal mining on the basis of exports, we're dreaming in technicolor, because we simply can't compete with Australia and South Africa, particularly Australia. The only kind of investment the Japanese are going to make in long-term coal mining in this province, or British Columbia for that matter, is as a back-up. If there are strikes in Australia, which occur from time to time, they want a little bit of a back-up potential here. But as a primary source of supply, Australia can outcompete us. It's just cheaper to take coal from Australia to tidewater and ship it to Japan than it is to take it from Canada.

Does that mean we just wrap-up the coal mining industry and say, that's it? No. When we look at Canadian markets, by supplying the Ontario market we could create, directly and indirectly, many thousands of jobs. In their paper, which I think I had my office send to other members of the committee, the UMW are suggesting as many as 30,000 jobs. That may be a bit optimistic; nevertheless there would be a significant number of jobs created. All of this is dependent upon having a blending industry.

MR. CHAIRMAN: Mr. Notley, I think you can also close the discussion.

MR. NOTLEY: Fair enough.

MR. CHAIRMAN: Committee members in favor of supporting Recommendation 41, kindly signify their support by raising a hand. Committee members who are in disagreement with Recommendation 41, kindly signify that disapproval by raising a hand. Four to two, it's defeated.

Recommendation 42, Mr. Notley.

MR. NOTLEY: I think Recommendation 42 stands on its own. I hardly need to expand on it.

MR. CHAIRMAN: Committee members in favor of supporting Recommendation 42, kindly signify your support by raising a hand. Committee members who are in disagreement with Recommendation 42, kindly signify your disagreement by raising a hand. It's defeated.

So we're back to Recommendation 43. Mr. Alexander is not present. Mr. Anderson, you were recognized and did make some comments on Recommendation 43. Did you wish to make additional comments?

MR. ANDERSON: No, Mr. Chairman. Those comments on No. 43 will stand.

MR. NELSON: Mr. Chairman, I don't have the full grasp of the intent of the direction of this recommendation. In principle I agree with it but, unfortunately, without Mr. Alexander being here it's very difficult to support it. At the same time, I have difficulty with government intervention in purchasing and buying into some of these businesses, and so on, that they do. Unfortunately, not having the advantage of Mr. Alexander explaining all that he has written here to some greater extent, I'm just going to have to not support any of them.

MR. CHAIRMAN: Committee members in favor of supporting Recommendation 43, kindly signify that support by raising a hand. One. Committee members in disagreement with Recommendation 43, kindly signify that disapproval by raising a hand. No. 43 is defeated.

Recommendation 44.

MR. ANDERSON: Just briefly, Mr. Chairman, the comments I made with respect to 43

certainly still stand regarding 44. Again, if he were here to explain it . . . I personally have had some concerns particularly regarding the equity investments from the commercial investment division. But he isn't specifically getting at that, so it's an all-encompassing motion. Therefore, I will have to vote against it, even though I think the principles he's trying to get at are quite excellent.

MR. THOMPSON: If you consider my position on No. 40, obviously I have to support 44. I think the fund is actually doing the right thing by having passive investments. That is the role the fund should play. I would urge the committee to support Recommendation 44.

MR. CHAIRMAN: Committee members in favor of Recommendation 44, kindly signify by raising a hand. Two. Committee members in disagreement with Recommendation 44, kindly signify by raising a hand. Recommendation 44 is defeated.  
Recommendation 45.

MR. GOGO: "That no funds from the Heritage Savings Trust Fund be invested in future at below market rates." I guess I don't understand the recommendation. Mr. Alexander is a proponent of market, period. So I am confused about the intent of that. I think it would tie the hands of the investment committee. Having said that, I am going to oppose the motion, but I would like to know the intent of that. I don't quite understand it.

MR. CHAIRMAN: Committee members in favor of supporting Recommendation 45, kindly signify that support by raising a hand. One. Committee members in disagreement with Recommendation 45. It's defeated.  
Recommendation 46.

MR. THOMPSON: I am not a bookkeeper, Mr. Chairman, but I'm confused. Take the Alberta Energy Company, for instance: that is on the books at \$75 million. Everyone here knows that the stocks have been split, and it's worth considerably more. If you have assets, I really believe they should be listed at a value, if you can ascertain that value. Although I'm not a bookkeeper — and I don't even know particularly what Mr. Alexander is getting at here — it strikes me as peculiar that we don't list assets at market value instead of at cost. Times change: there is an inflation factor and several reasons from my point of view. I am not particularly in favor of it. I'm just saying that it confuses me that our balance sheets do not show the assets at market value, when that can be ascertained. Of course you can look in the paper every day and find out what Alberta Energy is worth.

MR. MARTIN: I support this. I think it's just asking for up-to-date information. The deemed assets of the capital funds: it's clear what he means by that. But the ones that we are carrying, we want to know what they're really worth in terms of the market at a specific time, rather than what we bought them for. All he is asking for here is that it be a more complete picture of the financial situation we're in. I think it would give us better information, and it's worth supporting.

MR. CHAIRMAN: Committee members in favor of supporting Recommendation No. 46, kindly signify that support by raising a hand. Five. Committee members who are in disagreement with Recommendation 46, kindly signify that disagreement by raising a hand. Four. Recommendation 46 is approved.

Members of the committee, we have now completed a review of the 47 recommendations that have been presented. I think I will just be pedantic for a second and quickly run through the 47, so you can just check to see what the status is and there is absolutely no confusion.

Recommendation No. 1 has been approved as amended. Recommendation 2 has been approved. Recommendation 3 has been approved as amended. Recommendation 4 has been approved as amended. Recommendation 5 has been defeated. Recommendation 6 has been defeated. Recommendation 7 has been defeated. Recommendation 8 has been approved. Recommendation 9 has been approved. Recommendation 10 has been defeated. Recommendation 11 has been defeated. Recommendation 12 has been approved. Recommendation 13 has been approved. Recommendation 14 has been defeated. Recommendation 15 has been withdrawn. Recommendation 16 has been defeated. Recommendation 17 has been defeated. Recommendation 18 has been withdrawn. Recommendation 19 has been defeated. Recommendation 20 has been defeated. Recommendation 21 has been defeated. Recommendation 22 has been withdrawn. Recommendation 23 has been approved. Recommendation 24 has been approved. Recommendation 25 has been approved. Recommendation 26 has been defeated. Recommendation 27 has been defeated. Recommendation 28 has been defeated. Recommendation 29 has been defeated. Recommendation 30 has been defeated. Recommendation 31 has been defeated. Recommendation 32 has been defeated. Recommendation 33 has been defeated. Recommendation 34 has been defeated. Recommendation 35 has been defeated. Recommendation 36 has been withdrawn. Recommendation 37 has been approved. Recommendation 38 has been withdrawn. Recommendation 39 has been defeated. Recommendation 40 has been approved as as amended. Recommendation 41 has been defeated. Recommendation 42 has been defeated. Recommendation 43 has been defeated. Recommendation 44 has been defeated. Recommendation 45 has been defeated. Recommendation 46 has been approved. Recommendation 47 has been defeated.

Members of the committee, what I will do now, as the chairman of this committee, is draft the report. I would like to present to you two dates in terms of the time-line process. I really hope that by the morning of October 25, I will have a draft report I can present to you. I will ask that you leave it with me to try to see if we can find about an hour on the morning of Tuesday, October 25, when we might get together to take a look at the draft of the report. Following the discussion of the draft and your input, Mrs. Davidson and I will put the final text of the report together. It is my anticipation at this point that it will be ready for tabling in the Legislative Assembly on Tuesday, November 1, 1983. I appreciate that none of you know what your schedule might be for next Tuesday morning, but if you could somehow block out about an hour, I would be looking at the time of eleven o'clock.

We will adjourn after I thank you all for being very dutiful members of the standing committee on the Alberta Heritage Savings Trust Fund. I very much appreciate the responsible nature in which all committee members participated in the committee. I am particularly pleased that the request I made at the outset that we should deal with this in an amiable way, as much as possible, and treat one another with the greatest degree of respect, has been upheld by committee members. For that I am very, very thankful. I will have more comments to make when we finally put that draft to bed. At this point, on behalf of all your constituents and all the citizens of Alberta, I thank you very much for participating.

We will now adjourn.

The meeting adjourned at 11:17 a.m.

