

[Chairman: Mr. Kowalski]

[2 p.m.]

MR. CHAIRMAN: Good afternoon, ladies and gentlemen. Welcome to another meeting of the Standing Committee on Alberta Heritage Savings Trust Fund Act. As we discussed earlier, in terms of our schedule we have one additional minister scheduled to appear as a witness before the committee, and that's the Hon. Bill Payne, minister without portfolio, tomorrow morning. When we were drawing up our schedule some time ago, we indicated that there would be an initial day on which recommendations would be read into the record, and that was done on September 12, 1984. On our schedule we called for a second day for consideration of recommendations. In terms of a parallel, I guess we can almost look at September 12 as a first reading and today as a second reading. We had indicated and originally scheduled three days in the first week of October — Tuesday, Wednesday, and Thursday, October 2, 3, and 4 — for further debate and consideration of these recommendations and the final voting and consideration of it. I frankly have no idea how much time we'll be spending this afternoon as we proceed through a so-called second reading or further discussion of the recommendations we currently have at hand.

You will recall that several weeks ago we circulated a note to all members of the committee, outlining the 23 recommendations that were read into the record on that day. Perhaps the appropriate way to proceed today would be an initiation to ask if there are additional recommendations forthcoming from committee members, and we would have them read into the record. We would then proceed to a discussion of each of these recommendations, beginning with the first one. In essence it would be an opportunity for committee members to raise questions of other committee members with respect to the contents of the recommendation. There wouldn't be any voting today. We would reserve that until Tuesday next.

I also indicated that one minister had expressed an interest in appearing before the committee, the Hon. Mary LeMessurier. You will recall that last year when we issued our report, in terms of the 14 recommendations we had, a minister of Executive Council who is responsible really for all the recommendations has already appeared before this committee, save one. Last year we had Recommendation 12, dealing with historic sites, and no minister had an opportunity to appear before us with respect to that. But you'll note that in the report the Provincial Treasurer gave us the other day, it was his view that funding for historic sites and the like should come under general revenues rather than the Heritage Savings Trust Fund.

I thought it would be appropriate for the benefit of all committee members to have an opportunity to have a brief discussion with the Minister of Culture, as we had passed a recommendation in her area of responsibility. So I invited her with the opportunity of appearing before the committee, and she accepted. She's currently tied up in a luncheon with the governor of a state in the Far East and should be here in a few minutes. At that point we'll just break and have her appear as a witness, to have a brief exchange on the basis of whatever questions members

want to raise with her on this whole subject area. If that's satisfactory, then . . . Mr. Gogo?

MR. GOGO: Mr. Chairman, on a point of order. Does this committee have the power of recall if we want to call back a minister?

MR. CHAIRMAN: It certainly has. We've done it in the past. We did last year. There was certainly a precedent for that, in the sense that we had one meeting with one minister and had to call him back a second time.

Is that outline okay? Then perhaps we'll go on with the first item, to ask if committee members have additional recommendations they would like to have read into the record; that is, recommendations additional to the 23 that have already been read in.

MRS. CRIPPS: Yes, it would be Recommendation No. 24, agricultural invention and development centre:

That the committee recommend establishment of an agricultural invention and development centre which would act as a clearing house, advisory committee, and development information agency co-ordinating and publicizing ingenious and innovative agricultural inventions and/or basic mechanization improvements; that the centre also provide efficiency awards for innovative developments.

MR. CHAIRMAN: We'll have to have those specific words typed up, and we'll have them ready for you tomorrow.

Would there be any other recommendations?

MRS. CRIPPS: Recommendation No. 25, business opportunity centre:

That the committee recommend the establishment of a business opportunity centre, a brain centre of retired successful businessmen who would be available to advise small-business men or entrepreneurs with ideas and proposals.

MR. CHAIRMAN: Okay. That one will be dealt with exactly as No. 24. In essence, I guess if you had a title for No. 24, it would be something along the lines of an agricultural invention and development centre, and Recommendation 25 would deal with a business opportunity centre.

Would there be additional recommendations forthcoming from committee members?

MR. MARTIN: Mr. Chairman, on a point of order. I forgot, but is this the last day for recommendations?

MR. CHAIRMAN: I had indicated a little earlier that this would in essence be our second approach to them. The schedule we have basically deals with three days next week for discussion of recommendations. We set up those three days not knowing how much debate there would be with a particular recommendation. It could very well be that on Tuesday afternoon, between the hours of 2 and 4:30, we will have all the discussion anybody

would want to have with these recommendations. So the choice of committee members would presumably be that we should then vote on them. If that's the case, then the meetings for October 3 and 4 would be totally redundant.

MR. NOTLEY: Mr. Chairman, I just thought I would raise this by way of introducing it today — perhaps I'll move it tomorrow — rather than catching people by surprise and having it voted down, and so that members on the other side have an opportunity to consider its merits carefully.

Today we've had a very significant report by the Economic Council on western Canada, western transition. To my knowledge there is nothing that would preclude this select committee from having one or more of the authors of that report appear before the select committee before we make our final recommendations. I think that would be a wise move. This particular report deals with a whole series of things that impact on the trust fund. The reason I give notice of it now is that I'd like members to think about it between now and tomorrow. We'll have an opportunity to deal with it after Mr. Payne's discussion tomorrow. I'd just like to formally give notice of it now.

MR. CHAIRMAN: Okay. Would there be other administrative items that committee members want to raise before we proceed?

First of all, do all committee members have a copy of the draft? If you don't have one, we have some additional copies here. I'm looking at the efficiency of time and wondering if it would be your view that the sponsor of the recommendation should read it into the record once again, or would the fact that we have the document before us be sufficient?

MR. HYLAND: We have this in front of us. If we all agree, why don't we speak to the merits of the motion rather than reading it into the record again?

MR. CHAIRMAN: Okay. Recommendation No. 1, dealing with the highway in southern Alberta. Mr. Thompson is not here. Is there a committee member who would like to speak on behalf of it or against it?

MR. ALGER: I would like to speak to it, Mr. Chairman. The fact of the matter is that this particular proposition was made on Mr. Thompson's part, I presume, because he felt that to get this particular road paved through the general highway program would be a long, long time coming, the essence of the fact being that very few people live along that road in the nature of population that would use it for the entire 12 months. But during the summer months it's extremely heavily populated with people and vehicles of all kinds, particularly vacation-style vehicles. I think he would likely have felt that this would be a way to possibly speed up the process of having that highway finished, for the simple reason that in the summertime the dust is atrocious and the road condition gets pretty rough. The participants in the use of it feel pretty badly about it being so rough and tough.

I strongly recommend that we pass this recommendation on behalf of Mr. Thompson.

MR. KROEGER: Mr. Chairman, this reminds me very

strongly of my experience as the first vice-president of the Alberta Chamber of Commerce. When I took a look at the priorities on transportation, on that document we had 33 number one priorities for road construction. About the first thing I did was make a motion that we get rid of that. You can't have 33 number one priorities. This is just cracking the door open to about the same idea. I don't think it's appropriate for this committee to be selecting a road and saying, this is number one. I just think it's wrong.

MR. R. MOORE: Mr. Chairman, in the absence of Mr. Thompson, I do have some knowledge of his thoughts on this resolution, in the fact that it links southern Alberta and the U.S. to a prime recreation area and would be a real asset to our tourism business here in Alberta. He felt it would be a step forward to pave this now so that we could support the tourist industry.

MR. NOTLEY: Mr. Chairman, I couldn't agree more with Mr. Kroeger. I think if we get into a situation where we use trust fund money in fact to begin promoting different roads, then we can all find roads that have at least some link to a heritage trust fund project. Let me suggest to you that if we want to get to the Clear Hills grazing reserve, funded by the trust fund, we're going to have to pave Highway 64. Are we going to make that kind of recommendation?

Of course it can be suggested that Kananaskis is a major project. But as the Premier and others have said, it's a project designed primarily for Albertans. If we're going to bring other people into it, there are other ways of getting there. American tourists can come up the highway from Macleod through Calgary and out. It's not impossible by any means. A major project of this nature would cost a lot of money. If we were suddenly going to use trust fund money for this project, I think our committee would be quite properly taken to task by Albertans all over the province who have their own priorities. It's one thing to have a road within Kananaskis that is part of the project, but Highway 22 isn't; it's outside Kananaskis Country. If we get into that precedent, it seems to me we're going to have a lot of highway projects which are going to be funded by the trust fund in the future.

MR. GOGO: Mr. Chairman, I oppose not only that being funded out of the heritage fund but being paved at all. I don't know what Mike Cooper's view is at Cowley. I'd be interested in hearing it. I know Mr. Bradley is strongly in favour of it. I wouldn't endorse it under any circumstances, because I think Highway 22 is not now a bad road for people in southwestern Alberta to use to get to Kananaskis. On that basis I oppose it.

MRS. CRIPPS: I wasn't going to speak on this. But since Mr. Gogo spoke and is opposing the paving of Highway 22 out of any funds, I have to disagree and say that I've travelled that road and think it is a vital link to southern Alberta. However we are highlighting Kananaskis as an area in Alberta for Albertans, we are highly dependent on tourist trade from the United States. I think it's important to have that link, a road that attracts tourists rather than causing them to think twice about coming to Canada.

Having said that, though, I have to agree with the

other speakers who do not feel that we should be designating specific highway transportation priorities out of Heritage Savings Trust Fund money.

MR. MARTIN: Just on a point of order, so I understand. Are we voting on these today? Will Mr. Thompson be here at another time?

MR. CHAIRMAN: I don't think Mr. Thompson is going to be here. I think he's away on one of these Commonwealth Parliamentary Association overviews.

But as we said right at the outset, in essence this is the second reading on it. We will have debate and the opportunity to raise questions back and forth. Tuesday will be the day on which we will start voting, if we finish them all by that time.

Would there be anybody else who wants to make a comment with respect to Recommendation No. 1?

I will just make comments from an administrative point of view. It will not be my intent as chairman to vote on any of these things unless there were a tie. Until Mrs. Cripps had completed her thoughts, I thought she was on the side of the people who might be in favour. It was coming down to a three to three, so I would have had to exercise my responsibility. We're not voting today. I'm just saying it would not be my intent.

Does anybody else want to say anything more about Recommendation No. 1?

Recommendation No. 2 was again being put forward by Mr. Thompson. I'm not sure if Mr. Thompson asked any member in the committee to make any comments.

MR. HYLAND: I again move that recommendation, because it is somewhat similar to one of mine further down. In talking to John about it, I think his feeling is that the research has to be taken to the stage where it can be used by whoever is using it, whether it's a farmer in Farming for the Future or the doctor in medical research. He and I both wonder whether research for research's sake, just to keep people busy, is something that should be coming out of the trust fund. There should be something to tie the academics to the end users so that when it comes out the end of the pipe, people understand it and it can be used.

MR. MARTIN: I understand the intent. I think there is a misconception that pure research is just a number of university professors sitting around figuring out how high is up or something like that. When you try to distinguish between pure research and what you call applied research, it's not a simple dividing line. Pure research can become applied research at a certain point.

When we have bureaucrats, if I can use a favorite term, or even politicians totally deciding what is necessary, I think you would run into a problem in how you would determine what 50 percent is pure research and what 50 percent is applied. From what I understand about research and development, it is just not that simple. If this all of a sudden became government policy, I think we would have very much difficulty, especially with these figures, in trying to determine what is basic and what is applied. For that reason I think I could accept it if it were a more general statement, saying that we hope the research would work toward the advantage of Albertans in an

applied sort of sense at some point, but I can't accept it the way it's worded now. I don't mean to put the author down, but it's just too simplistic about the way research is done in any part of the world at this time.

MR. COOK: Mr. Chairman, I appreciate the intent of the resolution. I think the record speaks for itself, though. There is more applied research being done out of the fund than pure research. According to our report, in the last fiscal year AOSTRA spent something like \$54 million, virtually all of it being done on a contract basis with the private sector or by the university to reinforce projects being done by the private sector. If you look at that record and add Farming for the Future and compare it to the medical research program, I think it might be argued that if this resolution were to go ahead, we in fact should be doing more pure research because it doesn't reach the 50 percent goal outlined in the resolution. I'm not sure if the intent of some of my colleagues who have spoken in favour of this resolution is that they would favour an increase in pure research because we're not spending 50 percent of the money being spent on research on that, but I would certainly favour that kind of view.

I'd only observe that I think the intent is good. I think the practice is that far and away the bulk of our money is being used for applied research. I don't think there's a problem.

MR. NOTLEY: In the absence of Mr. Thompson, I'd like to ask Mr. Hyland if, in his discussions with Mr. Thompson, any consideration was given to who in fact would be making this determination? What is applied and what is pure research? Is it going to be the investment committee? Is it going to be the officials of the various bodies? For example, the medical research foundation — how much of that is pure and how much is applied? I'm sure none of the members of this committee would presume to be in a position to make an objective judgment. We might be able to make a subjective judgment; we might be able to express an opinion. But I don't know to what extent we'd be able to be credible in making a judgment. Who in fact would be determining what is 50 percent? If we're going to set a guideline in a percentage term, we have to have some idea who in fact would be making that decision.

MR. HYLAND: John never said anything about who he would see as making the judgment on the 50 percent, whether it'd be part of the guidelines the initial committee would use when deciding on funding the projects. He never suggested to me who should decide the 50 percent and what would be applied and what would be whatever.

MR. ALGER: Mr. Chairman, I think the words "research" and "development" — you can hardly have one without the other. As both hon. members from the opposition suggested, there is hardly any way you can differentiate what percentage is required for research and what's for development. In the oil field, for instance, maybe 10 percent research on a given bottom hole tool that nobody has tried out, let's say, is enough research, while 90 percent development is of the essence of whether it's going to work or not. But in the world of cancer, we can research that the rest of our given lives and we'll never have all the

answers. So indeed, if not in fact, it's like rest and relaxation; you can't have one without the other. I think we shouldn't try to discern the percentage of which is going to be which.

MR. KROEGER: Mr. Chairman, I'm not clear on how you're doing your count. I noticed in the first motion, which we defeated — and that was Thompson's too, I guess — you . . .

MR. CHAIRMAN: We haven't defeated it yet.

MR. KROEGER: Oh, we haven't? Are you going to vote on it?

MR. CHAIRMAN: Not till Tuesday.

MR. KROEGER: Oh, I'm sorry.

MR. CHAIRMAN: All members now have an opportunity to feel more comfortable with the resolutions.

MR. KROEGER: I thought you were doing it by the number of people who were speaking, and it didn't seem to me that that would work.

Then following up on the pure as compared to applied research, I certainly don't think you can divide . . . There's no clear-cut dividing line between one and the other. I just don't see that as being practical.

MR. CHAIRMAN: Any other comments on Recommendation No. 2? Then we'll go on to Recommendation No. 3, Mr. Musgreave, dealing with a proposed Alberta technology development authority.

MR. MUSGREAVE: Mr. Chairman, this was a thought that was put forward in the white paper. I've lifted it from there and from other committees which I either chair or work with. So it's not an original thought of mine; however, I like the idea.

The hon. minister is here. Maybe you'd like to talk to her first.

MR. CHAIRMAN: Okay. Welcome, Mrs. LeMessurier. In talking to you in recent weeks, as I've already informed committee members, last year in our annual report the select standing committee approved a recommendation dealing with historic sites. The recommendation read:

Inasmuch as historical sites are the foundation of any healthy tourism industry, that a portion of the Heritage Savings Trust Fund be invested in preservation, restoration, refurbishing, and marking of historic sites.

Since that time, of course, these recommendations have gone to all Members of the Legislative Assembly, and there's been ample opportunity to take a look at them. It's our tradition each year to meet with ministers who have direct portfolio responsibility under the fund and, as you have none, we thought it might be appropriate for you to come and perhaps answer any questions committee members might have with respect to this

recommendation, as you still do not have any funding. We don't know if such is going to occur. But there was need for a follow-up with respect to this recommendation, so I'm pleased that you agreed to appear before the committee.

Perhaps, Mrs. LeMessurier, you might want to make a few brief remarks with respect to this whole question area. If so, please proceed. If not, we'll go to whatever questions there might be from committee members, to bring everybody as up-to-date as possible on the matter.

MRS. LEMESSURIER: Thank you very much, Mr. Chairman. I don't know if there are any other departments that play such a role in the heritage of our country and our province as does the Department of Culture. I was very pleased last year to see the recommendation come out of this committee for the use of dollars toward either our historical preservation or our heritage. At this time I have before Treasury some projects to be looked at and reviewed by the priorities committee, and it's part and parcel of my budget. But I am only too happy to be here today and address any questions the committee has on historical preservation and the heritage, which I think is very special in this province.

MR. NOTLEY: Rather than a question, I hope we will consider just restressing that recommendation of last year. It's one thing to say we can make funds available from the ongoing budget, and certainly much has been done. But if we're talking about a heritage trust fund and a capital works division, I don't think there's anything more pertinent to our heritage than preserving our historic record. When you look at a heritage trust fund, that is just as critical as a Kananaskis or an urban park, for example, which we've funded and appropriately so. I think we on both sides of the House supported some of those investments. But I think moving ahead with some of the historic projects in the province not only has historical value — and that's important — but as well it has potential tourist value that is quite significant. So that's not a question; it's just a comment.

MRS. CRIPPS: Mr. Chairman, just so I can relate it to the motion we had last fall, can you give an overview of what is being accomplished by Culture's historic sites preservation program and what needs to be accomplished?

MRS. LEMESSURIER: Thank you very much. I think that's a very pertinent question. We are a very young province and, due to progress, we're not going to have much of a history left if we don't preserve our history. We've seen many important buildings throughout our province destroyed so that progress can be made.

I'd like to go on record as saying that I think my department has done an excellent job in trying to deal with historic preservation in this province. One of the nice things that happens is that we have a great many volunteers who are being used to do a lot of history in our province. Needless to say, because of the publicity that has been recently exposed to the general public on the need to preserve history, our staff cannot keep up with the demands on how to

research the history of the various buildings. So we've had to go back to the private sector and the volunteers, who have been very, very good. I think we are fortunate that we have a province where the volunteers play such a heavy role. We now have a backlog of a few hundred buildings that need histories done on them. So I'd like to think the community is doing well, but we still have a long way to go to preserve our heritage.

MRS. CRIPPS: Is the preservation being done by volunteer groups in the community, as you indicate, done on a cost-share basis or is it funded entirely by the volunteer groups? What's the basis of the historic sites preservation program at this point?

MRS. LeMESSURIER: The program is such that when we have volunteers working in the field, they are definitely volunteer. There's no remuneration whatsoever. The remuneration comes on a project a person undertakes to restore their home, building, or some such thing as a provincial historic site, up to a certain maximum. If it's a provincial historic site, it's \$75,000 over a period of five years.

What has happened, due to the publicity, is that we have not been able to match the demand on the dollars. Many people feel that because they have put in their dollars up front, they should be paid immediately. There is nothing to say, though, that they cannot reapply next year and for up to five years to get that \$75,000. Consequently there is — I shouldn't say a lot of people are upset — a certain element in the community who have undertaken to restore buildings and have not been able to receive their full funding in a given year. But they will be assured they'll receive their funding. It might take a wee bit longer.

MRS. CRIPPS: One of the concerns, I guess, in part of my constituency is the Stan Reynolds museum in Wetaskiwin. Can you give me an update on that and how that would relate to this program?

MRS. LeMESSURIER: Mr. Chairman, the Reynolds museum is one we've had under negotiation for a long time. As you know, a contract was signed in 1980, saying we would receive a minimum of 300 pieces. For the last three years we have been undertaking that and acquiring so many pieces a year. At the present time the pieces we have received are in storage in the Wetaskiwin area, awaiting the time a museum is constructed. We have the property. It's an excellent piece of property, bought a year ago. So basically the situation now is that we will produce a document requesting funds to build this museum. We are ready to go with it.

MR. COOK: Mr. Chairman, when I was listening to Mr. Notley's remarks, it occurred to me that we might fund the McDougall school project, of which he is such a great fan, out of the heritage fund.

MR. NOTLEY: I don't think I made quite that remark. There's a little bit of literary licence.

MR. COOK: It occurs to me that there are some projects that are worth doing, like the McDougall school. Perhaps the McKay Avenue school is something that would be worth looking at. It was the

site of the first Legislative Assembly Chamber for Alberta. It's just a few blocks away from this building, and the public school board has requested funding for restoration of that first Legislative Assembly Chamber. Could the minister bring us up to date on that proposal, and would she consider that that project might be worth funding under this kind of heading?

MRS. LeMESSURIER: Yes, I certainly would, Mr. Chairman. I think we would like to take that building in consideration with the overall downtown revitalization, because it's so much a part of the downtown city core. I think a committee in the Edmonton caucus is reviewing the entire downtown submission that was made to the government. To speak to it as a single item is certainly not something I would consider at this time. It would be part and parcel of an entire downtown revitalization project.

MR. COOK: Mr. Chairman, a follow-up question. Are there some specific projects the minister would like the committee to entertain in terms of funding? I think it would help the committee if it knew what kind of funds would have to be diverted from some other activities to support the resolution of last year.

MRS. LeMESSURIER: I think the resolution last year was most timely. I hope that as projects that have a very special significance to the province arrive on the scene, I will be allowed to bring forward to this committee items that they would consider.

MR. ZIP: Mr. Chairman, Mr. Cook has in large part dealt with the subject I was going to bring up. I feel very supportive of last year's resolution. I think it's a tremendous idea, in view of looking at what some of the American states have done and what the state of Montana has done with the battle site of the Little Big Horn and Custer's last stand — the extent to which people are attracted to that area and the amount of money brought into Montana because of that particular site. I think having these types of projects to emphasize our heritage and our history is an excellent boost toward developing a sense not only of attractiveness toward tourists but of our own appreciation, a sense of our own belonging to Alberta and Canada.

We have made some very significant starts on that, like what we are doing with the Ukrainian heritage village at Elk Island Park. But I think we need more of them, particularly in southern Alberta: some theme surrounding the building of the railway. There was a lot of drama involved in the building of the railway across Canada to weld this into a nation. There are so many things that could be done along this line.

I am just wondering if your department has made any beginning, not just with regard to historic buildings — they have an obvious value — but developing themes, something along the line of what Montana or some of the American states have done?

MRS. LeMESSURIER: We certainly have. Mr. Chairman, through you to the hon. member, I feel very strongly on this subject. We've had a 10-year plan where we'd like to see Alberta go, but I have to tell the members that I don't think it's only the

preservation of the buildings. I think we've got to look at tax exemptions, at legislation, and some of the regulations that are in force and that cause a problem to people who are trying to keep or restore our history. So when you refer to such a thing as a railway, say, I would like to think that we have our first designated area in the entire province, which is Fort Macleod. We have Leitch Collieries. We're now going through with Frank Slide. We have a paleontology museum, and we have Dunvegan in the north. I honestly don't think we're falling behind. My only problem is that we have so much to do in such a short time that if we don't start to move quickly, we're going to lose some of our historic resources.

MR. CHAIRMAN: Would there be additional questions committee members would like to raise with Mrs. LeMessurier?

MR. KROEGER: I just have a point, Mr. Chairman. I really believe our minister has one of the most difficult portfolios of all to handle. What I mean by that is that we tend to be careless. When we start economizing, guess where we look: we don't really need this, so let's set it aside. Since I have a pet project of my own, Mrs. LeMessurier, I'll offer to come on side and help you sell what you want if you'll help me sell what I want.

MR. GOGO: Mr. Chairman, I simply make the comment that based on my years of working together with the hon. Minister of Culture, anything she wants to do is okay with me, and I have no trade-off to make.

MR. CHAIRMAN: Would there be additional comments or questions forthcoming from committee members?

MR. NOTLEY: [Inaudible] the Provincial Treasurer's department.

MR. CHAIRMAN: Hansard will certainly be made available.

MR. MUSGREAVE: I just want to say that she's done a tremendous job in the area of culture in the city of Calgary. I'll support her too, and I'm not going to put any condition on it.

MR. ALGER: There's not a lot of culture attached to the oil patch, you might say, but there is an awful lot of heritage. I'd like to speak to the minister sometime on a one-on-one basis with regard to restoring some of the older sites in Turner Valley, which are very famous in our petroleum history. I think they should be carefully considered at some time in your portfolio.

MRS. LeMESSURIER: Mr. Chairman, I'd just like to make a point. You know, it's all very well to restore certain railway stations and various buildings, but we've come to the point in time when we don't need seven churches from the same era or seven railway stations that are the same. I think it has much more historical significance for a province if we highlight one or two of these buildings, really pay attention to them, and build a program that tourism can be part and parcel of. I was very pleased to hear that you'll

support whatever I would like to do, and I hope the members of this committee will also endorse that project.

MR. ALGER: That bodes well for me, Mr. Chairman, because there's only one Turner Valley.

MR. CHAIRMAN: Would there be any other additional comments? Thank you very much, Mrs. LeMessurier, for coming with us today. I'm sure all Members of the Legislative Assembly have their own heritage. I have no doubt that every member here was born in a log cabin someplace. For their own historical family importance, you may get 79 other requests to restore that old log cabin from whence we all came, but we'll try to keep it on a higher level than that.

MRS. LeMESSURIER: Thank you for giving me the opportunity to be before you.

MR. CHAIRMAN: We're back to Recommendation No. 3, which Mr. Musgreave is introducing: the Alberta technology development authority.

MR. MUSGREAVE: Mr. Chairman, I have some rather detailed explanations of this proposal. I would first like to make a suggestion that we should try to make our proposals of such a nature that we don't in effect have a minibudget of the heritage fund but have significant investments that are important to the long-term future of our province.

The concept behind the technology development authority is primarily to provide financial assistance to companies, individuals, and institutions, to commercialize technology intensive projects in Alberta where the technology is new to the industry sector involved and where there is substantial potential for export. I can point out that I think the authority should be run by a minister, preferably the Minister of Economic Development. He should have a small staff, somewhat similar to the Alberta oil sands research authority. They should have offices in Edmonton and Calgary, and they should be represented in other parts of Alberta by local representatives.

The authority should provide funds for inventors, persons wishing to start new companies, owners of existing companies, academic personnel, and students working on commercializable ideas. It should fund the interchange of staff between the institutes of higher learning and companies, and vice versa. It should create and maintain testing and certification facilities, assist companies to create technology and research intensive operations in Alberta, and attract to Alberta a critical mass of specialists in selected fields.

The funding policy of the authority should be to adopt a cost/risk shared approach, to provide a quick response, especially to small firms, to make provision for recovery of government funds in proportion to the commercial success of the projects supported, to ease the transfer of technology from academic and government institutions to the private sector, to encourage academic institutions to undertake commercially oriented research, to provide for funds over the long term; to be adaptable to the different

funding requirements of individual firms and individual projects, and to own the technology supported jointly with the proponents until the government financing is fully prepared.

The financial support could take the form of grants to individuals such as inventors or academics. It could be in the nature of grants to companies but limited to small firms and up to a relatively low maximum — for example, \$35,000. It could provide support in contracts to individuals, institutions, and companies to carry out specific projects. It could purchase preferred shares or other financial instruments which wouldn't affect the debt ratio of firms. It could help in providing salaries, benefits, and personnel-related costs, loan guarantees, scholarships, fellowships, educational fees, and training costs.

I'll stop there, Mr. Chairman. I have more data I could give the committee if they'd like to ask some questions about this proposal.

MR. COOK: Mr. Chairman, I would like to speak in favour of this resolution. Yesterday I spoke with Dr. McLeod for an hour and a half to update myself a little on the medical research foundation. It was his observation that with our investment in that area, we are now at the point where we could capitalize on some of the developments coming out of the research program. But there are no moneys to fund what he would call a gap between the development of the idea and the point where a company like Vencap or some other agency can pick it up. The idea in the lab needs to be polished up and perhaps developed as a prototype before it can be sold. It was his view that there are now some projects that are marketable, but there are not the funds available to sell them, to pick them up with some sort of development agency. I think the Alberta technology development authority Mr. Musgreave has referred to could include that as one of its mandates and provide a very valuable role in the applied research side that some of our colleagues spoke about earlier this afternoon. There is a decided need for that, and it would be very timely.

MR. NOTLEY: [Inaudible] him for Recommendation 3, but I'd like to ask Mr. Musgreave if he could tell the committee what he sees in terms of co-ordination of these various proposals. Mrs. Cripps has suggested in her recommendation that we have a proposal for farm inventions. On the face of it, I think that's a good idea. But is that going to have a development aspect? I presume it is. We already have AOSTRA, where there is a development aspect. I don't think anyone quarrels with the need to develop technology, in that there has to be a development component if we're going to be competitive in the years ahead.

I guess what troubles me in a sense is that we may end up with a whole potpourri of organizations. The public isn't going to know which is which, and there isn't going to be the accountability. It seems to me Mr. Musgreave's proposal is the first of several that in a sense deal with that. Perhaps we could have him expand how he would see that role linking into the Legislature, how it would relate to the Research Council, how it would relate to AOSTRA, what its mandate would be, so we don't just create another well-meaning agency.

MR. MUSGREAVE: Mr. Chairman, the object of the authority would be to address the very problem Mr. Notley raised. For example, I could see that there could be a board member of ARC on the board of it, much as we have now. We have board members from AOSTRA on ARC and vice versa. But the prime function of this agency would be to co-ordinate all those various Alberta government financial institutions which are now dealing with the private sector. This agency would in effect be the focus for assistance. I would concur with Mr. Notley: we don't want another agency just floating around out there. We need an agency that's going to address what we see as a major problem, bringing research into the field of commercialization, which was mentioned in the white paper, by the way.

We wouldn't want the authority in itself to become very large. But on the other hand, we would want its co-ordination activities to be very significant. Otherwise it would not be successful.

MR. R. SPEAKER: Mr. Chairman, a question to Mr. Musgreave. In terms of capital in developing the technology, could the member give specific examples of where there are shortcomings at the present time? I know we can generally assume it's that way. But from the member's experience, particularly with the Research Council, is there a long list of persons who come for funding or make the request? Are there specific examples that may support the presentation?

MR. MUSGREAVE: Earlier this year or late last year, you may have noticed some advertisements the Alberta Research Council ran in the newspapers, called Use Our Brains. What we were offering was a matching grant program to various industries. We allocated \$1.5 million to this particular program. We were putting in money, plus we knew we would have to provide some staff. We didn't know what it would be, in the area of staff. We received over 80 applications and were only able to fund three. Since then we are funding five more, by way of a special warrant that amounts to \$3 million.

We face two difficulties in the Research Council as a result of this endeavour. One, we don't have enough money. We could use maybe \$15 million to \$20 million to service these various ones. The majority of them, I would say two-thirds, we would have gladly been involved in. The other problem we face is that when you go into these matching programs of that nature, then you're using up your own staff. If you get into these ventures, you have to make sure you're able either to use your present staff or hire more people to carry the program on to its completion. Many of them will be like a five-year program with \$100,000 a year for five years, and then that's the end of it if it isn't working. So this authority would in effect take the role the Research Council started on last year.

MR. R. SPEAKER: Mr. Chairman, just a comment to Mr. Musgreave, and this just happened this morning. Three businessmen happened to take a taxi to the Legislature Building with me, and next week they are announcing an idea they've developed and put the technology together for. One of them knew I was a member of the Legislature. I raised the matter with regard to money or funding. They said, "We're not

for that. We have been able to gain all of our capital, our money for development, from the private sector. Our idea has been good, and the support is there". I also said, "Is there other money available for it?" They said, "Yes, if the idea is good and we market well and also show that the product will do its job". They've tested their product, and it's going to work very well. We're all going to hear about it next week. They said, "One of the things we'd like to tell you as a legislator is to stay out of that business, because you get so many people who come in with ideas partly baked, and they want some government money to sell the idea". This was their advice, and this was from successful people here in Alberta.

I'd like the member to comment on two points. One, is there funding available for people with good ideas? Now these people — this is today's example — said: yes, there is money there for it. Secondly, will we be funding a lot of half-baked ideas and that's maybe why it doesn't fly on its own in the private sector? I was really enthused about what these fellows said today. I said, that's great. It was good news, a good way to start the day.

MR. MUSGREAVE: I think for the more experienced people in the business community, I would agree with you wholeheartedly. One of the concerns with a proposal such as this — and one we have already dealt with at the Research Council — is that unfortunately there are people out in the marketplace who are better promoters at raising money from government agencies than at bringing to fruition and commercializing a particular idea. There is that danger. Quite often the inventor who is working away in the basement, and who is tremendously capable, first of all doesn't have the talent for promoting himself and his invention and, secondly, doesn't have the time and doesn't want to be doing that. So there is a danger there, I agree.

But this morning I had a phone call from a chap, a very simple request. He wants the Department of Agriculture to test a sulphur fertilizer. They have a small company at Wimborne, they need a small test done, and it's an in-house test. It will cost about \$22,000. The department is prepared to do it, but all they will put up is \$10,000, and he hasn't got the \$12,000. He has already exported this product, but he has to have these tests done so he can say to the farmers in Colorado, where they send it, that it will produce certain effects under certain growing conditions. So he has to have this test data put in place. I would say that particular company has one area of weakness that an authority like this could help. But I agree with your comment on those other people. To me, there's no question in my mind that that would be the desirable way to go.

MR. COOK: Mr. Chairman, I think what's being proposed is almost like a Vencap type of organization, only it will not necessarily be funding a commercial venture so much as providing an idea, which may be polished up to the point where it would be commercially viable. The previous questioner asked, what kind of evidence do we have that something like this is worth while?

Again, Dr. McLeod referred to the point that when the medical research foundation was first set up, there were several hundred applications in the medical research area alone, where people had ideas

that needed to be polished up for commercialization. That was not within the ambit of the foundation, so they were all turned away. It's probably fair to say that in the area of instrumentation and equipment, there would have been a lot of new jobs created had we had an agency, an authority, that could assess those and bring them to the point where they could be marketed, to polish them up, to provide a prototype.

MR. CHAIRMAN: Would there be any additional comments with respect to this recommendation? Then perhaps we can move on to Recommendation No. 4, Mr. Martin.

MR. MARTIN: This is fairly straightforward. We recommend that the savings trust fund be amended, because there seems to be some confusion. Even in discussion with the Premier yesterday, there were some problems with the purpose of the fund. By this, you can see I obviously have a certain bias. But you will notice that we haven't used that word "diversify" here, because for some reason it seems to be a bad word. "Strengthen" is used by the government now.

It's clear to us if you listen and see what's happening right across the province ... We've discussed foreclosures on homes. Even some of the small businesses that I talk to down 18th Avenue in my riding are just hanging on by the skins of their teeth. We know what's happening on the farms. One of the things with small business and farm people is the cash flow problem. We're suggesting that one of the best ways to strengthen the economy — and we can talk about all sorts of things, Mr. Chairman — is to keep these people in business. We're not suggesting that this be used frivolously. We point out that these are loans that act as a stimulative effect on the economy. They keep these people in business, you keep people in their homes, and you keep people on their farms. There's no better way to stimulate the economy than that.

It would not be taking money from the trust fund because, again, it's not a grant. It is a loan; it would come back. But surely one of the advantages that the people of Alberta should be asking for and that we should be looking at is that it is our resource. We're suggesting that this is one of the best ways. We can talk about the white paper; we can look into 1990. I know one of the best ways is to do something with the interest rate if we have the ability to do it. You can't for everybody, but I certainly believe this would have a major impact on the economy. It would go a long way — and we won't use the term "diversifying" — in strengthening the economy, if you like, and there would be money coming back to the heritage trust fund in the future. I guess I would say it would go a long way toward helping Albertans help themselves be successful.

I think it is an important resolution, and I hope we will look at it in that regard.

MR. CHAIRMAN: Does any other committee member want to raise a comment with respect to Recommendation No. 4? Then let's move on to Recommendation No. 5, Mr. Martin.

MR. MARTIN: This has to do with deemed assets. Over the years the Auditor General has been pointing out, I think correctly, that this is misleading. It's

misleading because when you're looking at the books, what you would perceive is that there is almost \$14 billion in the trust fund when in actual fact there is about \$11.75 billion. It looks like we made \$700 million in the trust fund last year when in fact we only made \$400 million, because all deemed assets are is expenditures. Now I know there surely are other ways we could point out that these things came out of the trust fund, but I do not think they should be part of the balance sheet in terms of giving us a correct economic stance on it.

I would point out that I've heard the Premier and the Treasurer point out from time to time that people's expectations of the trust fund are too great. One of the things we should know, then, is precisely what the book balance is. As they're put down now, I believe deemed assets are misleading. I know they're there. If people want to take the time, they can look at it. But when you see a headline in the paper that says: trust fund's assets \$13.9 billion or whatever — \$700 million increase. I have this: raised \$700 million. That's out of the paper. It didn't raise \$700 million; it was only \$400 million.

I recognize that the Legislature would have to change the Act as it now stands, but I think it makes good accounting sense to do this.

MR. GOGO: Mr. Chairman, if I could be permitted a question of Mr. Martin. Where would you propose the assets known as "deemed assets" be shown? Would they not be shown on the balance sheet at all, in your view?

MR. MARTIN: No. You see, they are expenditures. You can put them in another part and say, this is what the heritage trust fund spent our money on. You can have a whole section with Kananaskis, Walter C. Mackenzie, or whatever. My point is that it is not an asset. It's not something we can realize profits from. It's not something we could sell. I think the Auditor General has made the point that only assets which are owned by the fund — and they're not owned by the fund — or realizable by the fund should be deemed to be assets on the balance sheet.

If I could, just to follow up. All I'm saying is that on expenditures, if you want to talk about things the trust fund has done, i.e. Kananaskis park or whatever, certainly that is part of a heritage trust fund report. I'm just talking about the balance sheet at this time.

MR. CHAIRMAN: Other comments from committee members?

MR. ZIP: I would like to make a comment on this whole question of deemed assets. Some of these assets are real assets in a sense. When you look down the list and look at the Food Processing Development Centre, for example, it may not be salable but it certainly strengthens the agricultural sector of our economy. It certainly has a definite economic value, the same as some of the irrigation headworks. They're all infrastructure in our economy that have real value toward increasing the productivity of our agricultural economy. Looking further at the new rail hopper cars, for example, they facilitate the movement of grain out of Alberta. In my view they're a real asset and should be shown in the

statement of assets of the heritage trust fund since they contribute very directly to the strength of our economy. You can stretch that argument to look at the other items. They contribute directly to the viability and productivity of the Alberta economy.

MR. NOTLEY: Mr. Zip, I think you made the point very well when you said you can stretch that argument, because one really has to stretch arguments in order to place basically expenditures down as assets in a fund. If we're going to take that argument and not stretch it at all, we should be putting a value on every mile of pavement we have, every hospital that has ever been built, and any capital work that has ever been undertaken since the beginning of the province.

The federal government would be able to say: well, our \$30 billion deficit isn't so bad, because after all we've got all these Crown corporations that have this facility and that facility and this particular capital work and that kind of capital work. We could put the Saint Lawrence Seaway down and evaluate it at a couple of billion dollars and make the picture look better. But in actual fact, since we can't sell these capital projects they don't have any monetary value. They have a great deal of economic value. No one is arguing that these projects don't have economic value. They do. No question about that. But they don't have any measurable balance sheet value which we can put into a fund.

I think the Auditor General has made that point on a number of occasions. It seems to me that for accurate accounting, if nothing else, and for relaying to Albertans basically what the assets of the fund are ... Exclusively the other assets outside of capital projects have some kind of measurable commercial value, whereas the capital projects are worth while but really can't be quantified. So what we've done is put down, as their value, the amount we've expended. I would say that several of these things might conceivably have a much greater value to the economy in an intrinsic sense than we've invested. Several perhaps may not. We can argue those, as we have from time to time. We did three years ago in a filibuster.

Nevertheless, in terms of relaying an accurate picture to Albertans, it seems to me the Auditor General's recommendation is one that I suggest the government is sooner or later going to have to swallow. There are a number of his recommendations that it took a long time to get through, but they were accepted. I would hope that this one will be accepted too, but better that it be accepted this year than four or five years down the road.

MR. COOK: Mr. Chairman, I always enjoy listening to the comments from the members in the New Democratic Party. I'm a little worried now — maybe I'm confused; that doesn't usually happen. But I think I hear them saying that we should be valuing these assets, perhaps even taking the step Margaret Thatcher is taking, which is to sell airports, port authorities, and parks, for example — to sell functions that government has traditionally done, perhaps not very efficiently, charge a fee for them, and make them pay for the moneys that have been invested. Perhaps this afternoon we have really a bit of a hint of Tory Thatcherism in our NDP colleagues — to my right, I might add.

Maybe what they're really asking us to do is start charging user fees for these kinds of things and so repay the fund. If that's their proposal, Mr. Chairman, I'd be very interested in hearing more about it.

MR. MARTIN: The Member for Edmonton Glengarry jumps away out in never-never land again. I don't know how he'd ever come to that from this argument. All we're simply saying is — and I would go back to what Mr. Zip said — nobody's saying that there isn't economic value, but accounting does not take in intrinsic economic value. All we're trying to do in a balance sheet is show what money we have, what money is realizable. All we're talking about is to put down . . .

MR. COOK: User fees.

MR. MARTIN: It has nothing to do with user fees. I don't know where the hon. Member for Edmonton Glengarry is. Maybe he's been down to the States again. I'm not sure.

We're talking strictly accounting and how it should be accounted for. As I said, we can argue if we paid too much for Kananaskis Country or not, but the fact is that it's there. We're not going to sell Kananaskis Country. The purpose of a balance sheet is that if all of a sudden the government or a company went broke, they can tell what their assets are, what they can sell. The point is that there's \$1.9 billion there that are expenditures. That's all we're saying. Those may be good expenditures, and they may well have some impetus to the economy. But that's not the point. What we're talking about is giving a balance sheet here.

MR. COOK: Just to carry this little exercise somewhat further, the Economic Council report to which the hon. Leader of the Opposition referred earlier this afternoon advocates some sort of user fee charge on irrigation projects. It might well be that we could put the user-fee concept into the irrigation headworks program that we've paid for and derive an income from that. I think the Auditor General would then be quite happy to have it appear in the annual report of the heritage fund with a credit being noted against it.

Mr. Chairman, I think what we really have here is just a bit of a hint of an efficacy for user fees in all the projects the fund has adopted, so they might produce an income and be entered in the financial statements. I really think that's what the bottom line is for our colleagues from the New Democratic Party.

MR. NOTLEY: Mr. Chairman, with great respect to my friend from Glengarry, I've never heard such nonsense for a long time. The fact of the matter is that no one is suggesting user fees. I don't want to upset him. To clear the air, he can be assured that we're not suggesting that we sell Kananaskis park. It will not be our intention to stand in the Legislature and suggest that, when he gets married, he take his wife on a trip around the world to see if we can sell the Kananaskis park. It's not our intention to do that.

What we want to do, purely and simply, is just have an accurate accounting. If one or two examples can be turned into commercial enterprises, there's no

reason they could not be shifted by legislative action from the capital project into the commercial. As I look over the capital projects division, this could be difficult to do, but theoretically it would be possible.

The point is that as long as these projects are essentially intrinsic investments in Alberta in a noncommercial way, as they are set up, and don't have any liquidation value, why not follow the recommendation of the Auditor General? That's basically our submission, and let's not kid the troops. I don't think it's of any value to do it in terms of Albertans and other Canadians. Let's just simply present a balance sheet on the trust fund in the same way as the Auditor General will be presenting a balance sheet on the province. He doesn't put down all the capital projects we have as assets. He'd be laughed out of the province if he did that. No one — not even Mr. Cook — would recommend that we do that. So let's just be consistent. That's all.

MR. ZIP: I have always felt that assets and the amount of public moneys spent on improving the infrastructure of the province, country, or whatever should be shown somewhere. The fact that we don't show it — for example, the value of our road system and some of the other public assets — doesn't destroy the value of the argument that we show what the heritage trust fund has contributed to our provincial infrastructure and the amount of moneys that were expended out of the trust fund to improve the viability of industry in this province, whether it's with regard to the oil industry and AOSTRA, forestry, agriculture, the facilitation of medical care and health in the province, or whatever. Since it improves the infrastructure, it has definite value and should be shown.

MR. MARTIN: Just to reassess. Mr. Zip, if we followed it to the logical end, it would really be a massive bookkeeping job if we tried to put intrinsic economic value on every road and everything else that we have. Certainly they're put down. Nobody's saying that in a report, our expenditures — and as you point out, they may have intrinsic economic value or even a social value. It's important to know that they're there. That is part of the report. Nobody's questioning that. We're just dealing with the balance report. The point is that the things that do have an intrinsic economic value will eventually come into the books of the province through income tax, corporate tax, or whatever, if they're playing some role in the economy. So eventually that filters down in some way to where we have a record of it. But all we're talking about here is a balance sheet. That's the bottom line, not the other things. This is the point the Auditor General is making. It's just the balance sheet. He's saying: how much can we get out of the heritage trust fund, and what are we worth? And that's what we're saying.

MR. CHAIRMAN: Would additional comments be forthcoming from committee members? All right. I look forward to the conclusion of this debate next week.

Recommendation No. 6, the 1988 Winter Olympics.

MR. MARTIN: I think all members would agree to this one. Maybe this will never come to us, but all we're saying is that the committee urge that all

proposals for investment of the fund in developments for the 1988 Calgary Winter Olympics be brought before the committee for scrutiny before approval by the investment committee. If there are no demands on the Heritage Savings Trust Fund — and we're told that this may be the case — then fine; obviously there's nothing to worry about. This particular recommendation is not going to hurt anybody.

I think we all are concerned. At least we all give lip-service concern that we don't get into a huge bamboozle. Of course we all know the horrors of the Montreal story. The Los Angeles one went along much better. Hopefully that will be the case in Calgary. We had one bad first step in the Saddledome.

All this recommendation is meant to be is a check so that there is some sober second thought, especially if it comes to the trust fund. If it doesn't come to the trust fund, then obviously we're not going to be concerned about it. But if all of a sudden there are problems and they say they need some money from the trust fund, I think it would be a very important role for this committee to take a look at that before it's given out of the trust fund. Surely this would make this committee have value. It would provide a very important service. We're not saying that if they come to the trust fund it may not be necessary; it may be good. But surely we should look into the sober second thought, because I think we all want those 1988 Games to go well. We don't want the taxpayers to be stung as they were in Montreal. This is just a check, if you like. If this does happen in the future, we hope the government will take a look at this and be as enthusiastic as we are about it.

MR. GOGO: Mr. Chairman, knowing how Mr. Martin seems to do a fair amount of investigation before he proposes anything, I want to ask him a question. Has he any knowledge of any pending proposal for the Olympics with regard to the heritage fund? I'd be very interested in why he brought this forward, because otherwise it is very hypothetical.

MR. MARTIN: Admittedly it is hypothetical, Mr. Gogo, and I don't have a grapevine. I didn't get a memo or anything like that that this was going to happen.

MR. GOGO: You get all the others, I'm sure.

MR. MARTIN: Some. The odd time.

I will admit it is totally hypothetical. But passing it certainly would not hurt anything. We're just saying, as a check. Again, just a concern. I think all Albertans and most legislators, I expect, don't want to get into a bamboozle. This would be a sober second check. If they don't come, then we probably don't need it. But it's better to look at it now than to be like Drapeau and the Quebec government, trying to deal with things after. That's the only point of it.

MR. CHAIRMAN: Are there additional comments from committee members? Then Recommendation No. 7, LRT.

MR. MARTIN: Here we go again. I know there are some members on the government side who would perhaps agree with this from time to time. Again, I guess this ties in with what's happening in the

province at this particular time. I suppose people will argue that this should come out of the general revenues and all the rest of it. But it doesn't, and this is a chance for us to make the case. To use the two cities, Edmonton and Calgary, we have tremendous unemployment: officially almost 13 percent in Calgary and 14 percent in Edmonton. We don't know what the hidden unemployment is. That's a tragedy you've all heard me talk about. I won't go into that.

We've advocated that we think LRT is going to be needed more in the future. Now would be the cheapest time to do it. The Premier alluded to the construction industry, which is the hardest hit in the economy: 80 percent unemployment. We don't think this is a waste of money. We're positive that we're going to need this in the future. We think that during this time, this recession, it would help somewhat to stimulate the economy and put people back to work, to do work that will be necessary in the future. Again, that's the reason I have proposed this.

MR. COOK: Mr. Chairman, I am surprised that the Member for Edmonton Norwood didn't consult his leader, after hearing the eloquent speech on the disposition of resolution No. 1, that this committee shouldn't really be funding a particular transportation project simply because it is in the purview of a given member of the Legislature, or some argument like that. I think that argument logically follows on the resolution we're now looking at. I think it's fair to say that LRT funding will be considered in a larger policy which will be brought forward by the Minister of Transportation this fall and which I am sure will be debated by the Legislature.

I simply echo the views of the Leader of the Opposition in dealing with resolution No. 1: individual members of the Legislature who have a parochial concern for their own community or neighbourhood shouldn't necessarily have them funded by the fund.

MR. MUSGREAVE: I am going to comment that if the government decides the funding for this particular venture is necessary, I think it should come out of the general revenues rather than out of the heritage fund.

MR. NOTLEY: I always enjoy the contribution of Mr. Cook in particular. It's a difficult judgment call, admittedly. No one's arguing that. But I think we have made certain investments in transportation-oriented functions, supported very enthusiastically by government members, including Mr. Cook; for example, our airport terminal buildings, which Mr. Cook enthusiastically supports. Is a new terminal building in Brooks, for example, an adequate sort of thing we should fund from the trust fund; on the other hand, not LRT in Edmonton or Calgary? Well, it's a judgment call, and it seems to me that what we're talking about here is an important transportation link.

I respect Mr. Musgreave's observations today. I recollect a debate in this committee — I believe it was in 1981; I'm going by memory now — in which the former Member for Calgary McCall very energetically, articulately, and persuasively argued the case for heritage trust fund investment in LRT. Considering the pluses and minuses in those difficult

judgment calls — and this government's always talking about those difficult judgment calls — I tended to agree with his judgment call in 1981. So I think my colleague has wrestled with the same set of concerns the hon. Member for Calgary McCall wrestled with in '81. He's presented it again and, since I supported Mr. Little in '81, I think I'd be less than consistent if I didn't support Mr. Martin in '84.

MR. ALGER: In a sense I think I could go along with the committee in that Highway 22 shouldn't be paved by funding from the Heritage Savings Trust Fund, and yet I'm not all that sure. Consequently I lean toward Mr. Martin. I can't help but agree with Mr. Martin in the steady factor, if you like, of the labour situation. Indeed, if LRT is going to be required in both these big cities — and I'm not suggesting that we're ever going to slow it down, because I don't think you can and I don't think you'll want to. We're growing at a pretty good pace, or have done. There is a factor there that runs in my mind, that this would be a good time to loan money from the fund to these cities to complete some of the railroad systems.

As you recall, in the late '70s and '80s we were bringing people in here at an enormous rate to do a lot of things: build buildings; work on rigs, in particular, which is where my memory serves me best. We would stick a hard hat on anybody who could even get out there. That's how big the demand for labour was. Then all of a sudden it's gone. But we still have a certain element who are unemployed and who live in this province, Mr. Chairman. It seems to me this wouldn't be a bad attitude to take, to think very seriously about loaning money to these two cities, albeit we'll probably never get it back. But it's sure worth some thought.

MR. MARTIN: Just to conclude. My feelings will not be hurt if all of a sudden government members are saying: don't worry, we're going to get on with this; it's coming out of general revenues. But all we're saying is that it's important for all the reasons I've given, and it doesn't hurt. I think if we look at some of the other things that have been passed by the heritage trust fund, this is appropriate and not unusual. But it doesn't hurt if the committee as a group says to the government that we think it is an important project for the reasons that I've advanced, that it's a recommendation. I didn't notice them following all our recommendations before. If they are getting the impression that we think it's important and if all of a sudden it comes out of the general revenues, I for one would not be totally decimated if it didn't come out of the heritage trust fund. But I'm saying that we have passed airports in the capital works, as my colleague talked about, so there has been a precedent for this sort of thing. To me it would certainly be appropriate to come out of here. If it is going to come out of general revenues, fine. But it doesn't hurt if we make a recommendation from the heritage trust fund and the Treasurer responds: we're going to do this, but it's coming out of the general revenues. Well, so be it.

MR. CHAIRMAN: Recommendation No. 8, Mr. Martin again.

MR. MARTIN: Moving right along. For a number of

reasons, the most obvious one being that we don't want polluted rivers in the province, and recognizing that there's some debate about how polluted or unpolluted our rivers are — specifically the ones going through the major cities, the Bow and the North Saskatchewan, and we hear talk of other ones — we are suggesting that we set up a program to clean up the rivers. Now if there isn't much pollution, then obviously the money we're expending would not be that great.

However, if there is as much pollution as I think there might be, there are a couple of advantages to getting at this now. Again, one is of course job creation, putting people back to work at a time when we badly need it. But if you have the beginnings of pollution and you let rivers get more and more polluted, it's going to cost you a lot more to clean those rivers up in the future the longer you wait. So for those reasons I think it's important.

I don't think I need to go into why we shouldn't have polluted rivers in the province. That would be insulting our intelligence. We think this would be a very useful project for the heritage trust fund. If we want to talk about a heritage that will be important in the future, clean rivers would be one of the most important heritages we could leave for our children.

MR. GOGO: Mr. Martin, I want to ask you a question. I don't want to appear simplistic, but what we're really talking about is that all municipalities that are along rivers would have to have secondary treatment programs. That's really what you're talking about, isn't it? You're not talking about dredging, you're talking about polluting the river. I'm sure that's the intent.

MR. MARTIN: Yes. Let me just enlarge on that. What we are suggesting are the ones we hear the most about. As you recall, we had the discussion with the Minister of the Environment, saying that perhaps it isn't as great as some of the environmental groups — if I may put it, they are overstating the case in terms of the pollution. We talked mainly about the two major ones. There may be others.

My point is that if the pollution is not as great — if the Minister of the Environment is correct — then obviously there isn't going to be the same amount of money needed. But I don't know how else to get around it if we are polluting our rivers. It may be costly, but it's going to be more costly in the future. I think it's important that we have this committee at least begin to look into it and recognize that if there is a problem, we would be prepared to spend the money now. I truly believe it's a false economy if we don't do something now. If the rivers do get more polluted and we try to clean them up like the Thames in England — that sort of thing — we're going to pay a lot more in the future. For that reason, when we talk about a heritage, I think clean rivers are perhaps one of the most important heritages we could pass on in the future.

MR. ALGER: Once again I have to agree with Mr. Martin in this respect, that the rivers certainly have to be taken care of with regard to pollution. But at this time I feel that we should pretend the fund doesn't even exist, for the simple reason that these are things that should be taken care of whether or not there is a heritage fund. I feel that Lake Erie is

a good example of the worst pollution in the whole nation. There is no special funding around to clean up that lake, yet they are working at it resolutely, as we should do here with our rivers. There are too many rivers and lakes that need to be cleaned up with just the genuineness of the programming of what pollution really is. Consequently I think we should look into that through general funding but not the Heritage Savings Trust Fund.

MR. ZIP: Mr. Chairman, Mr. Alger echoes very closely what I was going to say. I fully sympathize with his recommendation, in that certainly clean rivers are very, very important to maintain in this province. I've seen heavily polluted rivers in other places, and I couldn't endorse this more strongly. The need is there. But like Mr. Alger, I feel that somehow these people who pollute the rivers — and in a lot of cases it's communities like my own community of Calgary, which has created a lot of problems — there has to be a deterrent and a cost imposed on people and communities who contribute to pollution. They should somehow be asked to pay for at least part, if not all, of the cost of pollution. That comes back to placing the cost of maintaining clean rivers and maintaining the spirit of this recommendation through general revenues.

MR. MARTIN: It may be that this committee is going to have to look at other people who are polluters and all the rest of it. This recommendation doesn't say that we have to pay for all of it. But what we are saying — and again I come back to the same argument — is that if all of a sudden we are going to do this out of general revenues, I for one will wait very much for the next session. Perhaps government members know more about this than I do. Again, I would not be devastated if it came out of general revenues rather than out of the heritage trust fund.

The point I'm making — and I really suggest this strongly. Admittedly I am not an expert; I don't know how much pollution is in those rivers. But the longer we wait — it's a false economy to think you're saving money now if there is a fair amount of pollution, because the costs will be astronomical if it gets more polluted in the future. All we're asking here is that as a heritage committee — if necessary, if it's coming out of general revenues, my idea is that it doesn't hurt if this committee says that we think it's appropriate to come out of the heritage trust fund. If the minister comes back and says that's going to come out of general revenues, nothing is lost.

But if we talk about a heritage trust fund, I can't think of any heritage that is more important to me, and I think the hon. member would agree with that. So I think it's an important resolution. I for one want to know, because I hear conflicting stories about pollution, especially in the Bow River and in the North Saskatchewan. If we set up a program, I guess this committee would eventually find out how bad it is. We would know. That would be a start anyhow.

MR. R. SPEAKER: Mr. Chairman, I think we all want clean water through some mechanism. That's very true. Certainly the people living on these rivers have made a lot of presentations to government. When we look at the funds that have been expended from the Heritage Savings Trust Fund — let's take Kananaskis

itself, and we can say two things about that. One, certainly there's a heritage there. I think we give access. If I recall the figures, 20,000 to 30,000 Albertans on a weekend or per day can move in and out of that area. Now you think of what that does to the upper end of the Bow River. We're going to put the village in there, if that's correct. If we just put in the same treatment process as is now present in Calgary, we're still going to have pollution in the upper end of the Bow River because of this new population base we've sent into the Kananaskis. So the heritage fund may have some responsibility because of that. Secondly, water is certainly one of the most important resources that we must preserve for years and years and years. I think we've missed that as a priority in the province.

So if we have some extra money in the heritage fund — and that's why I sit rather quiet here at my desk. We don't have any more money to invest in these things. We're always fooling ourselves sitting in this committee, thinking we have extra funds to do all these things. It's nice to make the suggestions, but we don't have the money. We're just meeting ongoing costs at the present time. If we had the funds to support something like this, I'd put my vote behind it. But the fact of the matter is that we don't have the funds. We're hardly meeting the ongoing responsibilities we have.

I want to say that in terms of the heritage fund projects themselves, if we start a project in one area, it has downstream implications for other projects. If we started it and approved it in this committee, then we should look at the implications downstream and take that responsibility as well. The water in the Bow River is one of those specific cases.

MR. COOK: Mr. Chairman, I've never heard such an eloquent call for cedar-sided outhouses in Kananaskis park as I have just heard now.

MR. CHAIRMAN: Would there be additional comments from committee members with respect to Recommendation 8? If not, then we'll proceed to Recommendation No. 9, Mr. Hyland.

MR. HYLAND: Mr. Chairman, I think my motion is self-explanatory in that it's trying to tie the research from Farming for the Future to the farmer. It's trying to obtain a direct involvement between the two, a little bit like Mr. Thompson's, only I don't suggest that a certain percentage of money should be withheld if this isn't achieved. It only encourages that the two should get together in the program so that we get the research that's been done into use on the farm as soon as possible, or find out if it's possible to use it on the farm.

MR. CHAIRMAN: Any additional comments from committee members with respect to Recommendation No. 9? Then we'll move on to Recommendation No. 10, Mr. Notley.

MR. NOTLEY: Thank you, Mr. Chairman. We have presented this recommendation before. As a matter of fact, I've presented it for some years. I'm going to try to resist the temptation to at least banter about it. I think there really are some extremely difficult fundamental choices that have to be made on a recommendation like this, and they aren't easy. I

think those who dismiss them as easy are doing an injustice to the argument on either side. There is no question that the whole concept of parliamentary government is based on the proposition that the power of the purse must rest with the Legislature. Some have argued that there's a difference between an investment and an expenditure. But the reading I've been able to do, looking at British parliamentary history, is that that really is taking too narrow a view.

What the power of the purse really means is the fundamental importance of financial decisions. The reason the power of the purse rests with the people's elected representatives — all of them — is that financial decisions made in levying taxes, making major investments, or undertaking expenditures alters the jurisdiction, whether it be the province, the country, or what have you, or the empire in the time of the British empire. The fact of the matter is that we have before us now an important document, the white paper, that my colleague and I will be responding to later in October. When one looks at the white paper, there are a large number of proposals that relate to the trust fund that have the potential of significant impact on the future of this province. The question is: to what extent should there be legislative accountability, not after the fact but before those fundamental decisions are made? I think one cannot be consistent with our system of government unless one says that there must be legislative control, not in the sense of just getting a report after the fact but in making the decisions.

We are not arguing for a moment that that makes it easy. Debates have occurred in this House for a number of years. One of the most eloquent defenders of the argument that there should be legislative control of the fund was Mr. Ghitter, who the government has quite properly asked to do significant things for Albertans in succeeding years. Rumor tells it that he may even have a more significant future in the years ahead. But the fact of the matter is that I think some of the concerns he expressed in this House in 1977 are as relevant today as they were then, with one important exception. We in the Official Opposition would of course acknowledge the change that was made with respect to Crown corporations. That was an important step forward in increasing the accountability of the fund to the Legislature.

But as we look at the white paper, if we're going to have any of the funds necessary to launch some of the initiatives that we as a committee have brought before us or the white paper proposes, I think we're going to have to free up some of the money in those Crown corporations. I come to that a little later on in one of my recommendations. I just don't see the funds. Mr. Speaker is absolutely right: if we're just going to talk about future diversification of the problems on the basis of the liquid securities we have in the fund, then we will have a very narrow horizon and this fund will not be playing a very significant role in implementing the government's white paper. The only way we're going to be able to expand that role is to make decisions with respect to bonds that are now held by Crown corporations so that, in a sense, perhaps three or four years from now we won't have such a large portion of our fund held by AGT, the Agricultural Development Corporation, or the Alberta Home Mortgage Corporation. These debentures will be sold so that we'll have funds

available for more direct types of investment.

Now the argument is, what about those circumstances in the private sector where a decision has to be made? The fact of the matter is that long before we had the trust fund, we had a very strong example of how a decision could be made. Rightly or wrongly, in 1974 the government decided to spend \$40 million, which was a lot of money at that time, to acquire an airline. They had the ability to raise the funds to do that through general revenues. But that doesn't alter the fact that those kinds of unusual circumstances should be the exception rather than the rule. We have the capacity in terms of special warrants to deal with them when they come along on an occasional basis.

That fact of the matter is that if we are going to look at significant public intervention — and notwithstanding my friend from Glengarry's suggestion that I'm very conservative, I say this as a person who is perhaps a cautious socialist but nevertheless not afraid to be called a socialist. If you're going to involve public investment of a significant kind, then it is fundamental that there be debate in the Legislature before that investment is made.

In the province of Saskatchewan there was a tremendous upheaval over the Blakeney government's decision to proceed with potash. I think that was an important decision. I agree with it and support it. But one of things I thought was most important about that whole process — and it may even have come back to hurt the government — was the enormous public discussion that took place about whether or not heritage funds in the province of Saskatchewan should be used to acquire, in this case, a little under 50 percent of the potash industry in the province of Saskatchewan.

If we're going to have significant public intervention in the future, whether it's in joint ventures on oil sands or particularly some of these larger projects, I think it is just fundamental that there be prior discussion in the Assembly. It may be inconvenient for some of the proponents and a bit difficult for the ministers; no one's arguing that it won't be. But there are an awful lot of things we have to acknowledge as being inconvenient in our system of democratic government.

I just conclude by saying that lest we think this is so impossible — maybe it's because I was here, if not when Adam and Eve were around, at least when the ark was floating, that I remember these things. One of the most dramatic events in Canadian political history was the pipeline debate of 1956. That was not over an investment per se; it was over a loan. But it had to be brought to Parliament, and it changed the history of the country. I think some of the concerns Diefenbaker brought about the way in which Parliament had to be consulted in 1956 are as fundamental to the operation of our form of government today as they were then.

I guess if the government of Canada had to wrestle with an \$80 million loan in 1956, I for one could not be consistent with everything I've felt strongly about in my years of politics if I didn't say that this is the kind of recommendation — and I know some of you may find it a bit offensive, and it may challenge — that has to be presented, because in my judgment it is perhaps the most important. Of the many recommendations that we've presented from the

Official Opposition, certainly we consider this to be the most crucial.

MR. GOGO: Mr. Chairman, I can well appreciate Mr. Notley's point of view; it's been consistent for many years. The difficulty I have — and I'll probably vote against it — is on the basis that the primary purpose of the Alberta Heritage Savings Trust Fund is to generate revenue to sustain programs, in addition to other things.

If it had to come before the House for an investment to be determined, I can see two things going wrong. One, the timing of the investment could be totally wrong — I'm not on that committee so I don't know, but I suspect it would be — as a result of prolonged debate, in effect nullifying what may be very good investments. I think the primary objection I would have would be the tying of the hands of that investment committee, thereby reducing the return on the fund.

I'm a little sympathetic with the philosophy of Mr. Notley in saying: you are dealing with public funds; therefore this should be debated in public. That's the whole principle under which he has always operated. But I think I have to indicate what I will do on a vote, if and when. That would be in the negative, I guess primarily because I'd like to see the objective of the fund realized; that is, to provide a return on investment. I don't think that could be achieved if we were subject to prolonged debates in the Legislature prior to those investments being made.

MR. COOK: Mr. Chairman, I appreciate the Leader of the Opposition's constitutional arguments. While none of us are constitutional lawyers, the main operative point in his comments was that in levying taxes and making expenditures, parliament must be controlled. It seems to me that in this committee and in this fund, we wear two hats. We are not levying taxes to generate the funds that are paid into the Heritage Savings Trust Fund. They are a capital cost that is levied for the sale of a capital resource.

We are perhaps a freak in British constitutional history in the sense that when the province of Alberta was settled, most of the settlers did not pick up their mineral rights. Those mineral rights were retained by the Crown, and the proceeds from them are now being paid into the fund. We're relatively unique in North America if you look at the fact that most mineral rights are retained by the people who own the land, the surface. But that's not the case here. It's an accident of history, for a variety of reasons.

It's not really possible to think of the royalties and the natural resource income as a tax that parliament has levied; rather, it is a capital cost being paid on a one-time basis by developers of the resource. So in that sense, I'm not sure Mr. Notley's constitutional arguments really follow. Since we're not levying taxes, I don't think the stringent parliamentary control that he requests necessarily follows.

Mr. Chairman, I think that in this case we have guided democracy. It works. The people of Alberta have judged us well on it in several elections. I think the test of the matter is for the people to decide.

MR. MARTIN: "Guided democracy" seems a rather interesting term. I'm sure the people of Alberta will be glad to know they have a guided democracy.

Without getting into the constitutional things, I

think the main argument against having legislative approval — and I think the principle is clear. What British parliamentary democracy means is that it's involved in both levying taxes and in terms of the overall revenues of the province. I think if you ask people right across Canada and right across Britain, that's what they would say. We can argue about guided democracy or the nuances.

The one argument that the government makes — and Mr. Gogo again made it well — is basically that the investment, the timing could be affected. When I look at it, if I can take off the deemed assets, \$11.75 billion, I find that only roughly \$920 million deals with marketable securities, stocks, bonds, and these sorts of things. These are the only ones at this time that are going to be affected by timing when they buy on the stock market, or whether they wait a day or something. It seems to me that to take away a principle for that small percentage of the heritage trust fund, if you like, is not a good idea.

The point my colleague made is that if the government has to move in terms of timing — if they can see a lot of money being lost or gained and need to move quickly and sometimes secretly, as you do on the stock market — they can do that by special warrant. This government has done it many, many times. But I think that if we start to get into guided democracy, if I can use the hon. Member for Edmonton Glengarry's term, we'd better know what that means. When we begin to have another heritage trust fund, if we can say that some province is so wealthy that at some point they could put billions away in another fund, we'd really be saying that the Legislature has no control over that money. Is that really what we mean? That would be guided democracy.

All we're suggesting is that it come through the Legislature. It was always my understanding that we are the ones who debate both the revenues and expenditures of the government. I don't think it's a very radical proposal. I think Conservative governments right across Canada would probably agree with us on it.

MR. ZIP: Mr. Chairman, I really appreciate what both hon. members are saying. Truly it revolves around one basic factor of accountability, which is the crux of democracy, making government accountable to the people. Of course we have run into considerable difficulties in making government accountable with respect to Crown corporations, for example. We have such a proliferation of Crown corporations across Canada, and accountability becomes very difficult in the Crown corporations. There certainly is a point with regard to the heritage trust fund, as far as its factor of accountability. How you satisfy it is certainly worth giving a lot of thought.

MR. CHAIRMAN: Would there be additional committee members who want to participate in Recommendation No. 10?

We've hit 4 o'clock, but the schedule had us carrying through to 4:30. What's the feeling of committee members?

MR. ALGER: Mr. Chairman, some of us have another meeting, airplanes to catch, and so forth. If I could, I move that we adjourn.

MR. CHAIRMAN: Then is the general feeling that we should adjourn at 4 o'clock and reconvene tomorrow morning? Tomorrow morning we have Mr. Payne before us. We will then be coming back to the resolutions next Tuesday at 2 o'clock. The time frame says 2 o'clock to 4:30 on Tuesday.

MR. HYLAND: What would be wrong if tomorrow, if we don't use up the time till 12 o'clock with Mr. Payne, we go into the resolutions from whenever we finish till 12.

MR. NOTLEY: That would be fair enough in terms of others, but unfortunately I have to excuse myself; I have to catch a plane. But that's fine with me.

MR. R. MOORE: Tomorrow there'll be two of us away.

MR. HYLAND: We're not voting on it anyway. We're just discussing them.

MR. CHAIRMAN: I think we should generally stick with the schedule we have. We have the resolutions coming back on Tuesday, and that keeps it fair. Okay, let's adjourn. Thank you very much.

[The committee adjourned at 4:02 p.m.]