

[Chairman: Mr. Kowalski]

[2 p.m.]

MR. CHAIRMAN: Good afternoon, ladies and gentlemen, and welcome to another meeting of the Standing Committee on Alberta Heritage Savings Trust Fund Act. Members will recall that when we last met, we had begun a second reading, in essence, of the recommendations that had already been made to the committee. To date we have had 25 recommendations written into the record. In terms of the approach to the second reading of these recommendations, we have now concluded a review of recommendations up to and including Recommendation No. 10.

Today I have been forwarded an additional five recommendations that were provided by Mr. Nelson. Perhaps it would be appropriate just to have Mr. Nelson read these five recommendations into the record, and then we'll reconvene with a discussion of Recommendation No. 11. Would that sound in order?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Okay. Miss Conroy, would you please distribute these to all members?

Mr. Nelson, you might wish to begin with your first recommendation, which we will have numbered as Recommendation No. 26, dealing with Kananaskis Country.

Miss Conroy, if there are some additional copies, you might want to forward them upstairs.

MR. NELSON: Mr. Chairman, I'll identify these by their appropriate numbers as we will deal with them.

In No. 26, relating to Kananaskis Country:

Recommend that the government provide funding to develop the Powderface roadway, approximately \$10 million, and to provide additional accommodation by expanding William Watson Lodge.

No. 27 is housing, Alberta Home Mortgage Corporation:

Recommend that the government keep all abandoned properties maintained and secured, to ensure that the taxpayers' investment is protected and the integrity of the many communities is continued.

No. 28:

Recommend that the government examine the long-term future of the \$300 million endowment fund for medical research. The purpose is to consider raising the capital, based on future expenditures of the investment revenue, to ensure no reduction of the initial capital of the endowment fund.

No. 29:

Recommend that the government make available, as soon as possible, an endowment fund of \$300 million for research and development of medium and high technology. In particular the research and development should focus on electronics, computers, science, and space technology. This would enhance the approved motion of this committee last year, headed Capital Projects Investments Division, subcapped High

Tech Research.

No. 30:

Recommend that the government, in discussing its white paper, give consideration to the use of the Heritage Savings Trust Fund to assist small businesses to develop in the province of Alberta. This assistance could be in the form of tax incentives, tax holidays, or in the form of low interest rate and assistance using a formula based on the small business development bonds formerly used by the federal government.

MR. CHAIRMAN: Thank you. Would there be any other items that members want to raise before we go back to the recommendations? Then we'll go back to Recommendation No. 11, Mr. Notley.

MR. NOTLEY: Mr. Chairman, No. 11 recommends that the government of Alberta strongly urge the federal government to significantly increase backing for agencies where we have parallel functions in the province, and I've identified CMHC and federal Farm Credit.

It seems to me that we've got into a situation where, because of inadequate funding of these federal agencies, what should be complementary action by the provincial agencies has become the primary action. If we're serious about programs, especially as they relate to farmers, that have some consistency across the country, then I think there's a strong argument that credit programs should have some consistency as well. I'm not saying that we should be backing off provincial funding for either the housing corporation in Alberta or ADC in the absence of an increase in federal responsibility, but I think there is a very strong argument for these federal agencies taking the primary responsibility. In that way the basic credit programs are the same across the country for housing or farmers. It would then allow the province to use its investment from the trust fund in a more directed way to diversify the economy, particularly as it relates to agriculture, in other, more innovative manners.

I think we had a whole generation of farmers who got into agriculture as a result of federal Farm Credit. We now have a situation where the role of federal Farm Credit has dropped dramatically and where provincial agencies of one kind or another are picking up primary responsibility where the federal government used to have primary responsibility. If we're talking about consistency across the country, I think now, with a new government in Ottawa, is the time for a new start. I see this being consistent with that.

I just conclude, Mr. Chairman, by saying that the only observation I want to make is that I would not see us backing away from funding in the absence of federal action. I would see this as initiating stronger federal action so that our provincial role would be complementary rather than primary.

MR. GOGO: Mr. Chairman, could I ask Mr. Notley a question or two for clarification? Mr. Notley, I think Central Mortgage and Housing is now Canada Mortgage. It's a very minor thing but, depending on

what happens, I assume it had better be correct. Would you agree with that change?

MR. NOTLEY: Yes.

MR. GOGO: Mr. Notley, it has long been my view that one of the serious problems facing Alberta farmers is the high price paid for agricultural land and that it in no way bears any relationship to the productivity value. And it has long been my view that both the federal Farm Credit and the Agricultural Development Corporation are primarily responsible. So I have some difficulty supporting anything that would expand the Farm Credit, or any lending agency, to the price of farmland. I just want you to know where I'm coming from on that.

MR. NOTLEY: Mr. Chairman, I don't know whether you want me to respond to each of the questions. I gather that was more a comment than a question. We could get into a debate over what the factors are in increasing the value of farmland. One would be the availability of farm credit, but I think that would be a relatively small factor. A much more significant factor, in my judgment, is the impact of urbanization. If one looks at the difference between land prices here in Alberta and land prices in Saskatchewan, where they also had substantial federal and provincial funding available, I think the major difference is the impact of urbanization and the rollover of capital gains, et cetera.

I think Mr. Gogo's question was basically a comment, and I suppose I've answered a comment with a comment. Maybe the best bet is that if there are specific questions, I'd be glad to answer them. If not, maybe I'll just make note of people's comments and, to save time, summarize at the end.

MR. CHAIRMAN: Mr. Gogo is the only member of the committee who indicated to me that he wanted to participate in this discussion on Recommendation No. 11. Mr. Hyland?

MR. HYLAND: Mr. Chairman . . .

MR. CHAIRMAN: I should add, Mr. Notley, that we'll follow the tradition we've always used. The person who is sponsoring the recommendation will have the last chance to comment on it.

MR. HYLAND: I don't have too much trouble with the recommendation, Mr. Chairman. With Alberta Home Mortgage Corporation funding — what was it? — 42 percent of the housing in the province, for a couple of years . . . And in areas such as Medicine Hat, I think at one time even up to something like plus 50 percent of the housing was funded by one organization, and Central Mortgage and Housing took a very low profile, percentagewise, on the rest. I think anything we can do to increase that profile and have the various corporations share a portion of the market and not have one organization having a bulk chunk of the market will, in the long run, be better for everybody. The same with the Farm Credit Corporation. Part of the new Conservative Party platform was indeed agribonds and the aspect of possible development of agribonds, a different way of self-financing for farmers. This would kind of lend itself to supporting that sort of recommendation.

MR. ZIP: Mr. Chairman, it's hard not to agree with this recommendation. The record clearly shows that Canada Mortgage and Housing has indeed been backing off wherever Alberta Housing stepped in. It has just increased the involvement of Alberta Housing and tended to reduce the amount available for other areas of funding, so it's something I'm pretty agreeable to.

MR. CHAIRMAN: Mr. Notley, there's no one else participating. Did you want to go on?

MR. NOTLEY: I think we could probably go on with No. 12, Mr. Chairman. But just to summarize No. 11, I agree with both Mr. Zip and Mr. Hyland. I think the idea of agribonds is really something we should be pushing. It will allow us to deal with a couple of problems; that is, people who sell their land can invest it in a way that they don't need to worry about prohibitive capital gains and, at the same time, that money can be made available to allow other people to acquire agricultural land. I think there's a good deal of merit in it. Anyway, that's another item, and perhaps at some point we'll be talking about that in the Legislature.

No. 12 is very similar to the recommendation we passed last year, where we had remarkable unanimity between my colleague and me and the Member for Edmonton Whitemud, which startled everybody. The basic proposal is not that we dump all these debentures — I think that would be irresponsible — but that as market conditions permit, we begin the process of selling these debentures, freeing up funds for diversification.

I think the discussion we had the other day with the Premier put this matter into context. When we have to consider a judgment that we can't afford to undertake equity investment — and that was certainly my understanding of one of his references, especially with respect to Husky. And that's true. When one looks at the portfolio, we're very limited as to what we can do in terms of equity investments. But at least a major reason for that is that much of our trust fund is invested in Crown corporations where, with the solid credit rating of the province to back them, we can obtain money on the money markets and don't need to tie up trust fund money in these kinds of projects.

If we had no other options for investment, then of course there's absolutely nothing wrong with having a large part of the trust fund in these kinds of corporations. But given the need to diversify, I believe, and given the higher earnings ultimately yielded by equity — and I think the Syncrude example is a case in point; higher earnings, not in the short run but in the long run — we have to be prepared, as conditions merit, to free up a portion of this fund by selling some of these debentures and putting the money into other investments.

MR. CHAIRMAN: Does any committee member want to participate? Then, Mr. Notley, we should move on to Recommendation 13.

MR. NOTLEY: Mr. Chairman, Recommendation 13 is the result of a conference which the Official Opposition had a year ago in conjunction with the United Mine Workers. During the course of the discussions, a good deal of focus centred on the use

of western Canadian coal in the eastern Canadian market, particularly the Ontario market. Without boring people with a lot of statistics — although I believe there is a summary of the brief, and I'd be glad to make it available to people — a very large portion of the coal used by Ontario Hydro is imported from the United States. That coal contributes to the acid rain problem. One of the interesting aspects of the coal industry in the west is that there is a much lower sulphur content, so western Canadian coal would be a significant factor in reducing the sulphur content. To make this possible, however, we need a coal-blending facility and the UMW people suggested that a facility of this nature, either in Alberta or even conceivably at the Lakehead, would be one way of significantly increasing the Canadian market for western Canadian coal.

I raise that because the forecasts I've seen indicate that our Far East market for coal is going to be even riskier in the years ahead than it has been in the last few months. We've seen the ups and downs and the concerns of people in Grande Cache, for example. So in my judgment, we have to make a major effort to develop markets, wherever. That would obviously include international markets; no one is denying that. But it also means looking for major markets that are available in Canada.

Recently the government of Canada quite properly sent a diplomatic note to Washington, expressing concern about the acid rain problem. But I think that expressing concern about the acid rain problem would have a good deal more credibility in a diplomatic note if, as part of that, we had a national policy that indicated that over the next few years we ourselves would be reducing acid rain. As I said, one of the major culprits is the use of American coal by Ontario Hydro. So I put this forward. I think it has a good deal of merit.

Number one, it would be a way of increasing long-term employment in a critical part of our energy industry, the oldest part of our energy industry in Alberta. It would create a large number of jobs in coal mining and transportation in western Canada. Some estimates have been as high as 30,000 jobs, both direct and indirect. I think it would contribute to solving what is a major problem in central Canada and the northeastern United States: acid rain. I suppose it would be an example of co-operative federalism working in the interests of the west. That being the case, I think the recommendation has merit.

MR. ZIP: Mr. Chairman, I wish to comment on Recommendation No. 13, regarding establishment of a coal-blending industry and thereby obtaining a significant increase in the use of Alberta coal. I have had a long-term interest in coal. Over the years I have done research and held numerous discussions on the subject with many people involved with the industry, which includes the United Mine Workers paper which the hon. Member for Spirit River-Fairview referred to. I've also discussed this matter with our present Minister of Energy and Natural Resources.

The statement that

Canadian coal sources, including Alberta sources, offer a wide variety of coal which could be blended to meet all Canadian requirements

is somewhat misleading. Western Canadian coal is not of sufficient quality to render a high-quality coke for metallurgical purposes. Medium-quality coke may be made from exclusively western Canadian coal but would likely be subject to price penalties for high ash content. Only when a blend of western and Atlantic coals is created will the high-quality coke required for metallurgical purposes be possible.

The cost of transporting coal to a blending facility would make such an all-Canadian blend uneconomic in relation to competition from the Appalachian region of the United States. Similarly, coal-fired thermal generating stations in southern Ontario are designed to use Appalachian coals. Western Canadian coal is currently blended with U.S. coal at Ontario Hydro's Nanticoke facility. However, technical problems with the boilers and pollution control systems are encountered when individual western coals or a blend of western coals are used in high concentrations.

Finally, considerable efforts at coal blending have been undertaken by the Canada Centre for Mineral and Energy Technology, CANMET, and have not proven economic. Recent Alberta research efforts have focussed on upgrading western Canadian coal to capitalize on its lower sulphur content. Work to this end is currently under way at the Alberta Research Council and through a joint effort of the coal industry in the office of coal research and technology. Upgrading coal to provide specific coal products suited to an individual buyer's needs appears to be the more promising approach to encouraging development of our coal resources.

MR. GOGO: Mr. Chairman, notwithstanding the comments by Mr. Zip that may well have answered the question, I want to ask Mr. Notley why it is not happening now. Is it for the very reasons that Mr. Zip is talking about, or is there some evidence in the study you made reference to that would give us reasons why it should be done and that would answer those concerns?

MR. MARTIN: I just want to make two points. The argument given is basically economic. Nobody would deny that it's cheaper for Ontario Hydro to bring coal from the United States. That would be true of many products in this country. If we look in terms of arguments, perhaps it would be cheaper for us to get cars from across the border, Japan, or wherever.

For this broad country to stay together, we have to give and take. In other words, there has to be a quid pro quo. As far as I'm concerned, Ontario certainly has had certain advantages in terms of the freight rates and many other things that are possible. What we're saying is that there are times to be good citizens of this country. Even with the economics, we have a problem in western Canada with our coal right now. There should be a trade-off, if you like. Oil pricing will be coming up again, and I suppose many other fights in terms of it. One of the things we could look at on oil pricing would be something to help out other parts of our energy industry.

For those people who think it is cheaper over the long haul, the other point I'd make is that if it's right that our coal generally has a lower sulphur content and is less likely to lead to acid rain, there is eventually going to be a huge cost in Ontario. As

Alberta taxpayers, we'll be picking up some of it because it will be done, at least in part, by the federal government. It's going to cost a lot of money to clean up those lakes and rivers. So when we're talking about economics, I think we should put that aspect into it. What is the overall cost later on if we continue to have as much acid rain in Ontario as we have, because we'll all pay for that.

For those two reasons, I am suggesting that we should be pushing in this area to do something that would be beneficial to the west. If it's beneficial to the Atlantic areas, as Mr. Zip said, there is nothing wrong with that too. But that could be one of the deals of Confederation, if you like, that would benefit this province. There are many deals in this Confederation which benefit Ontario, and I don't think it's unreasonable to ask them to reciprocate sometimes.

MR. ZIP: Mr. Chairman, it's not just a question of economics. It's also a question of technology. As I said earlier in my statement on this recommendation, because of its particular properties, the coal in western Canada is not suitable for the purposes for which it is being used in Ontario, especially in the metallurgical area. Of course there is the question — and I did mention it — of the high transportation cost of shipping coal all the way across the continent to Ontario, compared to the short haul of the current situation of Appalachian coal being shipped into Ontario. It is a very big question in addition to this. The taxpayer is already overburdened with demands for all sorts of subsidies. I think asking the taxpayer to carry more and the federal deficit in the Canadian economy to get even larger and more unmanageable, are very compelling arguments from both economic and technological standpoints.

MR. NOTLEY: Mr. Chairman, let me deal first of all with Mr. Gogo's question and then Mr. Zip's comments. The answer to why this isn't in place is: yes, there are economic reasons. If you discount all the other costs involved — the costs of cleaning up the acid rain problem — and just look at the short-run economics, it's cheaper for Ontario Hydro to use Appalachian coal. There is no technical reason why a blending facility would not accommodate the coal from the west and Atlantic Canada, but there is the economic question.

However, the UMW have suggested that in the interests of creating employment, there be a transportation subsidy that would be shared between the government of Canada, the producing province, and the consuming province. They have also produced figures that if you look at the number of jobs created and the reduction in unemployment insurance payments, it would be more than covered. I don't want to get into that, because we can certainly argue that. I think it would be totally wrong if Ontario Hydro hoodwinks people, especially in western Canada, into thinking that it is a cheaper proposition for them to bring in Appalachian coal. It only is if we consider no costs of cleaning up the acid rain problem. But we know perfectly well that the government of Ontario and the government of Canada and every taxpayer in this country are going to pay an arm and a leg to clean up the acid rain problem, and the longer it is prolonged, the worse it gets. Therefore on a short-term balance sheet, if you

take six months or a year there's no question: Mr. Zip is totally right. If you take a 10-year balance sheet, which surely we as public people should be more concerned about, then we have to look at the cleanup costs.

The other point: of course there is a transportation subsidy involved, and the UMW are the first to raise this. I would not want this committee to consider the recommendation without recognizing that. But as my colleague has pointed out, there are enormous subsidies in keeping this country together. We buy manufactured products. How many of us would buy products made in Windsor and Oshawa — if my federal leader will forgive me — if we could buy Japanese motor cars without any quotas, without any tariffs? The fact of the matter is that there is a cost for maintaining industry in central Canada. It is not unreasonable, especially when we as a nation have made an issue of the acid rain problem, for us as Canadians to say that there may be a cost of buying cars from Oshawa, but there is also the cost to Oshawa of buying coal from the west. We create jobs in Oshawa because of our consumer patterns. It is not unreasonable that Ontario Hydro would help bear some of the costs of creating jobs here.

I think by far the strongest argument against this idea was that that would be fine except that Ontario Hydro is shifting its priorities; it's now going to other types of power generation. Again that's Ontario Hydro hoodwinking the rest of us — it is not. The option they've been looking at is nuclear power. With the controversy that has raged with several of their proposed projects, you can imagine that that is a lot easier said than done.

So there is a considerable market for Canadian coal. I don't think it's going to be the total solution to the coal problem in western Canada; no one has said that. But it is the kind of thing that we should be advancing. I just sort of conclude, Mr. Chairman, by saying that someone I have never identified with politically but whose knowledge of the coal industry I've had a good deal of respect for is Gordon Taylor, who is the federal member from Bow River. During the years that Mr. Taylor was a member of this Legislature, without exception he argued the case for the penetration of the Ontario market — but primarily Ontario Hydro's purchase of coal — by western coal in substitution for Appalachian coal.

MR. CHAIRMAN: Mr. Nelson, our tradition has always been that the committee member who endorses or puts forward the recommendation also has the right to conclude the discussion on it, and Mr. Notley has done that.

MR. GOGO: He has raised some questions, obviously.

MR. CHAIRMAN: Mr. Nelson.

MR. NELSON: Thank you, Mr. Chairman. Obviously I may raise a few more for the hon. member.

I think all of us here certainly agree that we want to make every effort to enhance the delivery of products produced, either by nature or otherwise, from western Canada, and in particular Alberta, to other parts of Canada and, for that matter, the world. I guess one of the questions that has been raised in my mind is of course the economic situation of developing an industry to blend coal or, for that

matter, other things. If the private sector doesn't find that it's an economic feasibility, who is going to do it? Obviously the answer is that if the private sector isn't going to do it, the government would have to do it. And we all know that if government produces things or tries to get into the private sector, it doesn't always do a very good job. Additionally we would then have to subsidize the transportation of the product to the market, and I'm hoping the Member for Spirit River-Fairview is not suggesting that that happen. Certainly there are certain things government can do to encourage development and maybe even encourage the use of the product in other parts of the country.

The other difficulty I have is that in pushing things of this nature, are we enhancing trade barriers with our partners to the south and maybe other countries, wherein they may do the same, creating another unemployment field in another area? What we really do is try to balance one area, or create employment, and do we not do the opposite in another way?

The other difficulty I have is if the shoe were on the other foot, as it is in many other commodities that we have. For example, produce that is sent east, processed, and then sent back here. That's an extra cost for the user or the consumer and, in this case, maybe the taxpayer. There is a suggestion that the long-term cost may equate to the short-term by this suggestion of acid rain. How much of the acid rain problem is actually created by Canadian industries? Are American industries not really to blame for the majority of the acid rain, especially in the area of the Great Lakes? To suggest that we change this, are we maybe not overbalancing the situation by indicating that Ontario and the federal government aren't concerned with the present legislation they have? I guess what I suggest is that I would like some independent information as to the reality of the circumstances on acid rain — whether that's available or not, I don't know — and where it really is coming from, especially when it's disturbing the balance of the Great Lakes in particular and, of course, some of the smaller lakes around the industrial areas in Ontario: Hamilton, Toronto, and so on.

Those are a few comments and questions I'd like to put forward, Mr. Chairman. I think there is certainly other information that could be made available before we start expressing ourselves too heavily.

MR. NOTLEY: Just a couple of comments to conclude debate, then, Mr. Chairman. The issue of trade barriers is an important question that I'm glad Mr. Nelson raised. One of the arguments for this kind of project, of course, is that any discussion of trade barriers can't be discussed out of context with other things. It is a common objective of even the present administration in Washington and of governments of Canada to deal with the acid rain problem. I suppose that if it weren't for the acid rain problem, the issue of whether this would be a problem might be more relevant. But I think when you keep in mind the fact that both governments have indicated their willingness to deal with the acid rain problem, that puts it in a slightly different context.

Secondly, the question of who contributes to the acid rain. Regrettably, the answer is that we all do — both the United States and Canada do. I don't

think there's any question about that. One of the ways in which we contribute in a very significant manner is by having high acid content coal. That just happens to be a fact.

I'd like to make one other observation. Mr. Nelson said he hoped I'm not suggesting a subsidy. Coming from a rural area, knowing the costs of moving grain, and having attended the western economic conference 12 years ago, let me tell you that I have no hesitation in saying that one of the trade-offs that is necessary if this country is going to survive is to deal with transportation disparities in the hinterland of Canada. If we're ever going to develop value-added industries, we're going to have to look at a transportation system that takes into account the costs of moving whatever it is that we produce, whether it's coal in the west or rapeseed oil or what have you. You can dance around and talk about special rates, but what it means in actual fact is a transportation system that allows us to get some of these products that we produce in the middle of the continent to tidewater at reasonable prices, instead of being locked into a pricing mechanism that makes it good for eastern Canada because of the competition of the St. Lawrence Seaway. Some may say that's subsidy; I say that is a way. That's one of the quid pro quos my colleague talked about that's absolutely necessary if this country is going to continue to exist.

MR. CHAIRMAN: Mr. Notley, would you proceed with Recommendation 14.

MR. NOTLEY: Mr. Chairman, this is a matter we've dealt with almost every year now for quite a number. I think No. 14 takes on added importance for Peace River producers as a result of the unfortunate changes by the federal government in the Crow rate structure. While we may all hope that new initiatives are taken by the government of Canada, the fact of the matter is that removing the Crow rate — and keep in mind that farmers from the north ship their grain in a manner that, in the case of some communities, takes that grain as many as 500 miles one way further than necessary, if you look at Prince Rupert as a port — makes no sense at all. It makes no sense if you've got the Crow rate, from the standpoint of sensibly using your rail system. But once you take away your Crow rate, you add prohibitively to the costs of the farmers. So I think the time has come for us to take the initiative.

One of the accomplishments of the late Mr. Bennett in British Columbia was the building of the BCR. There is certain upgrading required, and upgrading is now taking place as a result of the massive Tumbler Ridge project in British Columbia. But one of the obvious advantages of that huge investment of B.C. money is that now Alberta producers are very close to a situation where we can dramatically cut turnaround time and the mileage to transport grain to B.C. It seems to me that to get this project off and running, we have to push a bit.

As members of the committee know, for many years we had what was called the NAR, which was an agency that controlled the rails owned by both CP and CN in the Peace River block. Several years ago CN took over the operation of the NAR. I've had some public differences with the officials of CN, and I don't say this to denigrate them at all, but the

problem is that CN will never tell you that it makes sense to use the BCR. Why should they? They've got a system in place. If you look at it from their point of view, running that system, it makes much more sense to take grain from Hines Creek and ship it 500 miles further, down through Edmonton and out to the west coast, than it does to go to Dawson Creek or Fort St. John and use the BCR to the west coast. So from CN's point of view, it's eminent good sense. But from the grain farmers' point of view, especially when you take away the Crow rate, and from the economy's point of view, it really doesn't make much sense. So this is one of those areas that I hope members consider positively.

MR. KROEGER: Mr. Chairman, I have no difficulty at all with the concept of improving rail service in northern Alberta, because I think economic development is very important there. However, I certainly want to warn this group about getting into the construction and operation of a rail system, having had four years, more or less, as chairman of the board of the Alberta Resources Railway, and watching that operation — and before that was built up to Grande Prairie, I heard all the arguments that are similar to these — and experiencing the problems we had there. I guess if you put it on the market today, you would have trouble getting 20 cents on the dollar, so I would not be comfortable with making this type of recommendation as far as our expenditure is concerned.

MR. CHAIRMAN: Mr. Notley, do you want to add something further?

MR. NOTLEY: Commenting on Mr. Kroeger's observation, I agree with him as it relates to the railroad to resources. However, because one railroad was built in a truly remarkable area that defies the best of engineering . . . All one has to do is fly over that area or drive part of it or go in a motorboat on the Smoky River, and you know what a tremendous challenge it was to engineer the railroad to resources. The irony is that it would have made a great deal more sense for every Peace River person if we had spent a fraction of the money not taking the railroad from Grande Prairie to Grande Cache, where most of the cost was involved, but in fact linking the Peace with the BCR. I suggest to members, though, that if you look at the options that are most frequently discussed — the Grande Prairie to Tumbler Ridge proposal that the Unifarm organization is promoting or the line from Spirit River to Dawson Creek — we're not dealing with the massive construction challenges that were afforded between Grande Prairie and Grande Cache, so the costs would not be as great.

The question is, should we push ahead with it? Obviously it would be better if we could work out an operating arrangement. Frankly I would consider looking at extending the BCR in co-operation with the B.C. government as an option, because I'm not sure we want to have yet another railroad operating authority. The more we can synchronize these things, the better it is. But that is a matter that would have to be negotiated down the road. What I think is important at this juncture is that we look at whether it makes sense to have rail links. Are the rail links in a geographical area where they're not

going to cost us an arm and a leg so that there are no cost benefits? I think the answer is yes in this particular instance. Would we have capacity to advance funding to get a project of this kind under way? Again I think the answer is yes.

MR. CHAIRMAN: Okay, Recommendation No. 15.

MR. COOK: Mr. Chairman, I'd like to briefly refer to the concept of biotechnology and its importance in the province's future. In the white paper hearings being conducted by the economic affairs committee of cabinet and caucus of the Progressive Conservative Party, the University of Alberta responded by noting that biotechnology had very important links with agriculture and that major gains could take place in production of agricultural products by introducing new strains of plants and animals. There are very major gains to be had in this area, so great, for example, that two weeks ago Du Pont chemical company announced a quarter of a billion dollar annual research program in biotechnology, geared towards fermentation technology in the production of petrochemicals. But there is an example of the private sector taking a very major initiative.

I spoke to Dr. Peter Meekison of the University of Alberta last week. It is his view that if we are to develop a research capacity here, we could do contract research on a profit-making basis with companies like Du Pont and with other companies interested in the genetic engineering field. It's an area of natural strength for the province. We have a very strong agricultural economy. As I said, we can be developing new products and services that would enhance the agricultural economy here.

The resolution before you also suggests that we pattern this on the very successful Alberta Heritage Foundation for Medical Research. In questioning the two gentlemen from the research foundation before the committee, the question was put: is this an adequate model; is this a good model for us to use? Dr. McLeod and Mr. Geddes both argued that it was. They had given some considerable thought to this kind of model for other ventures that the government might consider.

Biotechnology is a forefront technology that would benefit Alberta agriculture. It would also benefit our petrochemical industry, which is another area of activity. We have the capability at our universities and with the Research Council to begin some very aggressive work, perhaps in co-operation with the private sector. As I mentioned, one chemical company is spending \$250 million U.S. each year on this area. It should be possible for us to attract some of that kind of research here as well as do our own.

No one is going to do it for us, Mr. Chairman, if we don't do it ourselves. We have some very specific kinds of problems that can be solved with genetic engineering. One of them is cold-weather hardness. We could develop strains of plants, for example, that are uniquely suited to Alberta and to a northern Canadian climate. But no one in the United States is going to do it; no one in Canada is going to do it for us unless we do it. There are some major gains to be had.

Mr. Chairman, I won't belabour the point any further.

MR. GOGO: Mr. Chairman, I'm in a bit of a dilemma with No. 15 in relation to Recommendation No. 2. Mr. Thompson is not with us, but very clearly his recommendation is that not more than 50 percent of any research dollar spent from the fund be used for pure research. Now, I think Mr. Moore spoke earlier on Mr. Thompson's recommendation, and Mr. Musgreave is here. In view of the fact that No. 2 and No. 15 seem to conflict in principle, I guess I would be interested in hearing the comments of either Mr. Moore or Mr. Musgreave, whose views I respect very highly.

MR. CHAIRMAN: Mr. Moore or Mr. Musgreave, are you prepared to take up the challenge put forward by Mr. Gogo?

MR. MUSGREAVE: I have only two comments to make. I certainly support the concept. But I should point out that that kind of work on northern Alberta, developing plants that will grow in cold conditions, is being done right now in Beaverlodge and also by the Research Council. The University of Calgary's presentation on the white paper mentioned that they have a strong biotechnology research thrust, including genetic engineering, biotransplant, plant tissue culture, plant hormone, seed desiccation, bioreactors, and pharmaceuticals. So they are doing it now. All they need is more money. On the matter of restriction on 50 percent, as suggested by Mr. Thompson, I can't support that at all. How would you know which way you were spending it?

I think the concept of what Mr. Cook has put forward is good, and I see another one being put forward by Mr. Nelson. I think the committee has a challenge here. Each one of these proposals involves hundreds of millions of dollars, so it's going to be interesting to see which one we support.

MR. CHAIRMAN: Mr. Moore, do you want to participate?

MR. R. MOORE: Mr. Chairman, I have nothing more to add to what I said on behalf of Mr. Thompson, that the end result of research should be that it's utilized out there in the public or whatever area it's targeted for. Pure research so often ends up as pure research on a shelf, and it's never utilized by anyone. So money spent is money gone. There should be a mix. Mr. Thompson indicated in his recommendation that we should make certain there is a certain percentage to applied research that will be utilized by the public. As so often is the case, pure research just for the sake of pure research can end up not helping anyone but the researcher in his personal goals.

MR. NOTLEY: I certainly sympathize with the concept. Maybe I could ask Mr. Cook a question. He's talking about agriculture and plant varieties in northern climates. How would he see the sort of operation of this program fitting into such things as Farming for the Future, where we already have trust fund money invested in various projects of agricultural research? How would it be integrated with Beaverlodge, which Mr. Musgreave pointed out and which is a federal program? Where would the Research Council fit in? I think the question of the 50 percent — I agree with those who say you can't tie it down to 50 percent. I guess what I'd like to flag

for members of the committee now is that if we've got these various programs we're talking about, it worries me that we get another agency we don't necessarily need. Maybe we should be looking at the proper co-ordination of research and technology so that we don't just duplicate, do what the federal government did: somebody has an idea, so you set up another agency.

Especially since this touches work that the University of Calgary is doing, work that Farming for the Future is already funding, I wonder to what extent we could just simply beef up funding for those things rather than set up a new program. I wonder if you've given some thought to that.

MR. MARTIN: Just to come back to something that struck me. I think it was an important point that Mr. Musgreave brought in. We already have the medical research endowment fund. There are recommendations here. Mr. Cook's argument for the committee on a pure and applied research program targeted at biotechnology, and Mr. Nelson's for research and development of medium and high technology. Now in their own way, all of them may have some merit. But I wonder how we deal with this in terms of co-ordination.

If all of a sudden we sort of look at it and say it's generally a good idea that we pass all these funds, especially when we talk about restraint and all the rest of it at this time, I don't think we are going to be taken very seriously. All of them in their own way have merit; I'm not saying they don't. There are probably some good ideas in all of them, but how are we going to deal with it? I think we have a co-ordination problem here, as Mr. Musgreave said, and perhaps we should be looking at something that is less pointed. An endowment fund that deals with new ideas generally — I don't know. But I think we are going to have a problem if we proliferate these things out of the trust fund.

MR. COOK: Mr. Chairman, it seems to me that there were four points raised. One was with reference to Mr. Thompson's Resolution No. 2: how could we accommodate that resolution and this one? Frankly I think the answer is in two parts. One is that within this area alone, we could not. However, looking at the aggregate of heritage trust fund moneys, most of them right now are used for applied research. If you roll in AOSTRA and Farming for the Future and forestry research and other programs like that, those things are all applied, and I think they nicely balance off the proposal for biotechnology and also for the medical research foundation in medicine. In aggregate, then, I think it's possible to have that kind of balance that many members of the committee are concerned about: the balance between applied and pure research.

Mr. Chairman, there was a question about the role of Farming for the Future, the Research Council, and the universities in agriculture research and genetic research and others. I think all those agencies are doing very important work, and I agree with you that co-ordination of research is going to be important. The white paper proposal contemplates that in large measure. I think the Research Council role will be elevated. I don't think we're going to be duplicating research done in other areas. The Farming for the Future program is very much applied. It

contemplates modest gains in improvements in technique in technology rather than fundamental research, which contemplates major breakthroughs. The two have very different missions. There would not be overlapping of the two there.

Finally, Mr. Chairman, the fourth point I want to make is that I think biotechnology contemplates two basic concepts. One is cell manipulation. Let me give you an example. In the last two years, research scientists in Europe and in the United States have been able to identify the human tissue cells that produce insulin and culture them to the point where you can rapidly increase the number of those cells. Without having to use animal substitutes, you can now produce human insulin in a laboratory setting in huge quantities, by replicating the cells that produce insulin naturally. We now have the ability to manipulate cells in that way.

A second area of technology that is developing is in fermentation. Beer is the obvious thing that we're all familiar with. Tofu or soya sauce are other things the Japanese have used as their base of fermentation technology. But, Mr. Chairman, today we can produce petrochemical feedstocks out of straw, which may be the future for Alberta's petrochemical industry once oil and gas have been exhausted. If we want a long-term future for our petrochemical industry, it may be that we ought to be doing research into fermentation technology to provide that feedstock.

A third area is genetic engineering: the manipulation of the chromosomes in cells and the creation of a whole new animal or an improved animal or plant. Again we're doing a lot of important work here in Alberta. In livestock the private sector in the Calgary area is now producing superior strains of cattle in a very modest way, but it suggests what we're talking about.

MRS. CRIPPS: You mean Charolais?

MR. COOK: Charolais cattle in part. Let me give you an example, Mr. Chairman. I'm not an expert, but it's possible for a normal heifer to produce maybe seven or eight calves in a normal productive life. But that heifer might have 200 or 300 eggs that, if removed and fertilized outside the animal with a superior strain of some sperm on the father's side, can produce 200 or 300 superior calves out of that one animal. There is a group in Calgary doing just that.

Mr. Chairman, we have the base. We have the talent here in the province. We have the agricultural industry that would benefit from it. We have a pharmaceutical industry developing here at the University of Alberta that would benefit. We have a petrochemical industry that would benefit from it. It's a natural for us. We do not have the resources to do the very exciting base research work that has to be done to capitalize on our resources here in the province. I've purposely not included a dollar figure on this. I'm trying to sell the idea, not an amount. The amount can be plugged in later. I think it's timely for Alberta to consider this. The private sector and governments all across the world are viewing this as the major forefront technology in science today. It's as exciting and perhaps more exciting than electronics, and we have a natural advantage in contemplating this research.

Mr. Chairman, I urge hon. members to look at this concept favourably.

MR. CHAIRMAN: Mr. Gogo, would you like to proceed with Recommendation No. 16, dealing with alcoholism?

MR. GOGO: Thank you very much, Mr. Chairman. We've heard testimony presented to this committee, albeit in the form of questions to various members of Executive Council. Recommendation No. 16 touches on that. In my opinion we do not have in place in this province a research program into the problems of alcoholism and alcohol.

I believe it is well established that some six of every 100 employees in the workplace have a problem with alcohol or drugs. It manifests itself in absenteeism which, next to withdrawal of services, I suppose is the number one reason for productivity problems. Depending on the evidence one looks at, but I think pretty solid evidence, we know that some 15 or 30 percent of all hospital beds occupied in this province are the result of — I won't call them self-induced illness, but I'll call them alcohol and other types of problems and abuses. In the hospital budget of \$1.3 billion alone, if one were to take an average of 20 percent, we're talking in the hundreds of millions of dollars. Health care pays out about \$500 million a year to practitioners. No one gets into a hospital without seeing a practitioner, because even the Premier cannot put you in a hospital. If 15 to 30 percent of those admissions are because of alcoholism problems, we're then paying out a substantial amount of health care funds for the diagnosis — albeit, in my view, a misdiagnosis. I think the Solicitor General's budget is over \$215 million, and I'm told that 30 to 50 percent of inmates in our correctional system are there related to alcohol problems that precede breaking and entering charges. Social Services, with its \$1.3 billion or \$1.4 billion, allocates — probably rightfully so; I'm not arguing — \$191 million to single parents alone in this province.

I think if one attributes the cost to the people of Alberta of problems with alcohol, it consumes a tremendous amount of our budget. I think many people in this province are probably doing a good job with regard to treating — in some cases preventing. I don't think a lot of people know a lot about the problem. For that reason I'm proposing to this committee that we recommend to the government that we establish, from the Heritage Savings Trust Fund, a research program on alcoholism, alcohol problems, and alcohol-related problems. I think if we do that, we will have gone much further than any jurisdiction in Canada, with the exception of the addiction research foundation in Toronto, which tends to do a fair amount of research medically related to alcoholism. Because of that, Mr. Chairman, I recommend that to this committee.

MR. MUSGREAVE: Mr. Chairman, I want to ask Mr. Gogo if his foundation has made an approach to the medical research foundation for assistance in the area of research.

MR. GOGO: No, Mr. Chairman, we have not. I should say at the same time that to my knowledge, no one has submitted a proposal to occupational health

and safety, which operates a program to the tune of \$1 million a year under the heritage fund.

MR. MARTIN: I could throw back many of the arguments we use for some of my programs — that this could come out of general revenues — but I wouldn't do that. More in terms of questions . . . I think Mr. Gogo laid out the problem. I expect there are millions of dollars lost due to alcohol abuse and other drugs. I think it would even be broader than alcoholism, because there are many other drugs that are affecting us in the workplace and the rest of it. But I guess I want to ask one inter-related question. What precisely are we looking at here, just to advertise that these problems are occurring? Mr. Gogo laid out the millions of dollars that are probably lost, with shattered lives. Does he have examples of this type of research program that is being effective in other parts of Canada or North America or, for that matter, the world? In other words, what precisely are we looking at?

MR. GOGO: Mr. Chairman, the short answer to Mr. Martin is, I don't know. What I do know is that it seems to me that if anywhere in the world had a problem whereby the expenditures directed toward the results of the problem reached the magnitude we've reached in this province and in this country, they would have done something about it much earlier. We seem to attempt to resolve problems by appropriating more money to treat them but not to determine why the problems exist. It is my view that, certainly in the scientific and medical communities, the emphasis with regard to the importance of this type of illness is just not there, nor has it been put there. Alcoholism defined as an illness as opposed to a habit has been established for over 40 years in North America, with the American Medical Association and others saying: yes, it is a disease. Whether it's genetic or inherited in other ways, a variety of studies have been done.

I guess the reason I'm bringing it before this committee is that I believe if we're sincere about reducing the long-term health costs in this province, this is clearly one area where we could be doing a lot more work. If I knew the specifics as to what areas should be studied, I'd have spelled them out. But I don't know. I do know that, to my knowledge, there is not a co-ordinated approach in any way toward the study of alcoholism and its genetic or generic affects. If this committee were to recommend it, I think we would suddenly have on hand a tremendous amount of information, pointing out either what exists or what doesn't exist. I've gone to the trouble of checking with the medical research foundation, and apparently they don't do very much at all. I've checked with ministers' offices with regard to what their departments are doing. It's minimal, if anything. I guess what I'm after, Mr. Martin — and I don't like to say there are no votes in booze — is to make this a high enough profile that people are going to get concerned and say: hey, it's time we did something about it. To do that, we have to find out about it.

MR. NOTLEY: I'm not sure on the question of "there are no votes in booze", but I'll sort of stay away from that.

I think 16 and 17 are excellent recommendations.

Certainly in terms of dealing with the impact of alcoholism on the economy, there is no question that has a major affect. But what I'd like to raise — and I won't say this again in Recommendation 17 — is that it seems to me one of the points Mr. Gogo made, in doing the research for this recommendation, is that there are gaps in programs that are available. No question about that. It seems to me that what we should be looking at in this province is that just as we were talking about co-ordinating our research in the technical and scientific fields, maybe we should be doing that in the area of human resources.

I know this is flagging an issue that may hurt a bit, but we had the start of it under the old Social Credit government. Maybe the human resources research commission got off on the wrong foot, but the concept — I'm no great fan of former Senator Manning, but I think one of the good things the government did in that last stage was the elevation of human resource problems. We had the establishment of the Human Resources Research Council. I don't think we should allow some of the mistakes of that particular body to get in the way of the commanding merit of having an integrated approach to human resources research that would deal with alcoholism and with the problem of people with terminal illness.

We've got a problem now in this province, as a result of the the tragedy of the Cardinal death. Obviously one of the things we have to look at is our whole approach to permanent wards of the province, to foster care, and to adoption. It's basic to human resources. This is a criticism I make of my own party, the Liberal Party, the Socreds, as well as the government: I don't think we've had any sort of integrated approach to human resource research in this province, and not much anywhere on the continent. Certain politicians think this is a good idea or that's a good idea, but we've had disjointed programs and there are all kinds of gaps in the picture. I think one of the merits of the old human resources research concept was that we could attempt not to solve everybody's problem but at least to integrate our approach to human resources research.

I'd like to suggest to members of the committee that, maybe not in committee but perhaps in caucus before the next election, when you're looking at things to consider, borrowing from a former government an old idea that had a good deal of merit is overdue and that some of these excellent proposals we are getting that deal with human resources research of one kind or another would be better developed within the ambit of some kind of re-established Human Resources Research Council.

MR. CHAIRMAN: Mr. Gogo, Mr. Zip has also indicated an expression. Do you want to respond now or wait, or do you want to respond to Mr. Notley?

MR. GOGO: I don't think there's a need to respond.

MR. ZIP: Mr. Chairman, I fully agree with this resolution. As the hon. Member for Spirit River-Fairview has very aptly pointed out, it is part of a much larger problem. It is really part of a human resources problem, if it could be stated that way. Somehow I feel there's something more than just the amount of research in a specific area. The question

of alcohol abuse is a very worthy area. We have all witnessed it and seen some very dire consequences resulting from it. I've seen it. The question that always seems to haunt me on this whole problem is that people know that alcohol is bad for them and know about its consequences, yet they persist with it. I remember very well many years ago, a good acquaintance of mine was told by his doctor: if you have two more bottles of scotch, you're going to be going to the cemetery instead of the hospital. So that very night he drank three bottles. I don't know whether or not the Belmont Rehabilitation Centre is still in existence. But years ago another acquaintance went there for six weeks of treatment or something like that. The first thing he did when he left the institution was hit the beer parlours and get good and drunk again. So there's something greater related to this problem than just mere knowledge of the consequences and the effects of it.

We don't really know why people commit suicide. We don't really know why people become alcoholics. We don't really know why certain people become so alienated from society that they make bombs. They're part of a greater problem. I think there's a responsibility on the part of all of us as members of an organized and civilized society to assume greater responsibility for one another, somehow take a greater interest in our fellow man and greater participation in their daily lives and not just leave everything to social workers and experts. We've become so self-centred and so impersonal and so egoistic that the weaker members of society are shoved aside and ignored. They simply stew until they blow up. They blow up in various ways, and alcohol abuse is one way.

I'm really troubled by this whole resolution, in the fact that I feel it's just really too narrow. It's just part of a much greater problem, like the hon. Member for Spirit River-Fairview suggested. Really, maybe it's time to go back to Premier Manning's days and look at what they were starting to do. Maybe we can pick up from there.

MR. GOGO: Mr. Chairman, the comments I've heard have made me more determined than ever that we should pursue something to determine the cause of alcoholism. I think Mr. Notley rightly put it that there's a whole area. It's not a very narrow area. As Mr. Zip said, why would people set a bomb? If there were a bomb that caused \$500 million, \$600 million, or \$700 million damage a year, you can be sure we'd be on it right away. Based on the comments I've made about the number of people occupying high-priced hospital beds — University hospital, Edmonton, is the largest hospital in Canada, at \$850 a day. I don't know how many people are in there with this problem, but I think surely we have a vested interest and responsibility to future Albertans to attempt to reduce the long-term health care costs. I submit that one way of doing that is to do some adequate research in the area of alcoholism.

MR. CHAIRMAN: Okay. Let's move to Recommendation 17, dealing with pain control, Mr. Gogo.

MR. GOGO: Mr. Chairman, with regard to pain control, I've done a fair amount of work on this. It's an area that interests me. Before I begin, it may be

helpful to the committee to recognize a definition. There are two types of pain. One is acute pain. That would be associated with childbirth, one way that I've never experienced. Another way is with a toothache, and I have experienced that. The other type of pain is chronic pain. I'm told that the number one reason for seeing a doctor is pain. It's the number one reason for taking medication. Yet for a variety of reasons, I don't think the medical profession is well equipped to handle it. I point out that a survey last year of 17 standard textbooks on surgery, medicine, and cancer found that only 54 pages out of a total of 22,000 gave any information at all on pain.

In terms of numbers — I quote some American statistics because I've had difficulty getting Canadian statistics — pain associated with cancer affects some 800,000 just in America and 18 million people in the world. You say cancer because you always get people's attention; it's an emotional kind of illness. But about one-third of the American population has persistent or chronic pain. One-third to one-half of these make people disabled for days, weeks, months, or sometimes for life. Again, I guess we come back — there's a vested financial interest in terms of the future. If we had more knowledge of pain, more control of pain, and were able to deal with it, we would have a much better handle on it in terms of the problems we tend to talk about with alcoholism.

Recently the Canadian Medical Association meeting here in Edmonton endorsed the use of heroin, for example, for terminally ill patients. I noticed just last week that the Alberta arm of that organization, the AMA, opposed it. I've been a cancer president in my community for five years. I've seen a lot of tragic suffering — unneeded suffering, in my opinion — and have long endorsed heroin for terminally ill cancer patients. So I'm pleased to see that nationally, the recognized authorities on health care are endorsing that.

When one considers the figures I've mentioned, if they're accurate, one has to be puzzled as to why there hasn't been more work done on pain control and pain relief. I should point out to the committee the research here in the province. In talking to the universities, neither has a central facility that keeps track of those kinds of research projects, which is a little puzzling in itself in view of the comments we heard earlier about the great degree of research that's going on. I hear that at the U of A, there is a doctor in the Department of Anesthesia who is doing research into pain control. I don't know how much he's done. The Cross institute is apparently doing some as well. I understand that the national cancer institute of Canada — one would think that would be the epitome of organizations in Canada related to pain, because of the word "cancer" — has plans to undertake a study of pain control, but it's not been activated yet. Finally, in the department of nursing at the U of A, there are two nurses who are each working on a project of pain control, one at Queen's in Kingston and the other at McGill University in Montreal.

It would seem to me, Mr. Chairman, that the object of the Heritage Savings Trust Fund is to provide a better Alberta for Albertans in the future. If the figures I have stated are accurate — and I have no reason to believe they're not accurate — there's a very, very high number of Albertans suffering from chronic pain and, in my view, needless chronic pain.

Therefore I recommend that this committee give serious consideration to the recommendation that we do a research and/or study program on pain control.

Thank you.

MR. MARTIN: Mr. Chairman, I support this recommendation. As Mr. Gogo already mentioned, it has certainly been in the news recently, with the medical association and the use of heroin. For the life of me I can't understand why, when a person is terminally ill, they couldn't take whatever they wanted. They'll get addicted; I guess that's the reason. I would just point out to Mr. Gogo that it's a bit like alcoholism in the sense that we don't know how much money and what is happening to people on the job and all the rest of it. Of course we don't even know, for instance, what causes pain.

I had an experience just recently with the members — a couple of them are here — that were on the select committee on workers' compensation and occupational health. That's one of the major areas they're struggling with all the time, and one of the tough areas is the back. They have to go by medical evidence that this person is not suffering pain, if you like, and often that's in the eye of the beholder. It's a really difficult area. As such, there are some clinics being set up. I think one that we saw with Mr. Moore was in New Brunswick, where we went into the clinics. Another was in Ontario, where they're trying to deal with pain. They're doing some research, but I guess basically trying to work with people to control their pain as much as possible.

Pain is not an ideological thing. It could affect us all, affect the way we live and, for that matter, the way we think. One of the real problems we saw with people who, at least in their mind, were suffering pain was the bitterness that developed in terms of not only the pain but just the way they looked at life. Many of them wouldn't or couldn't work; we're not sure. Again, I guess this is why we would need the research for it. It's not something I've thought about, but it seems to me that, on the face of it, this would be an excellent resolution. At least it would again bring it to the forefront for people to think about, so I would support this resolution.

MR. CHAIRMAN: Mr. Gogo, would you like to conclude, or has enough been said? No. 18, then. Mr. Moore, an item of recommendation with respect to the annual report.

MR. R. MOORE: Thank, Mr. Chairman. I think all the way through here there is a concern and support for research. In all these discussions, we come back to research and the utilization of heritage trust fund money, and that's a very good use of the money. However, the end results of this research, where it comes out in the private sector: where is it utilized, and where does the private sector benefit from it? It sometimes gets lost. In fact in a lot of cases we have no knowledge of where it goes after we spend this research money. I think that in every department there should be an onus on the department to let the citizens of Alberta know those areas where their research money has benefitted them, where they see it in actual, practical use out in the private-sector field.

Mr. Chairman, I realize that it is totally impossible to say that this year this happened and

this didn't happen, because a lot of the benefits of this research may not come into play until several years down the road. We realize that. But surely every year there must be a percentage of it that we could see come out and could see that it is of beneficial use in the private sector. This is the part that I think Alberta citizens deserve to get from these departments that are spending heritage trust fund money. We underline that it's for the betterment of Albertans. Albertans should have that information when it's available. Every year some of this — and it may be five years ago that research came in where it's being utilized, and it should be reported to the public. I think a recommendation that should be made to each department is to make any of this available to the public.

MR. MARTIN: Mr. Chairman, I appreciate the reason Mr. Moore has brought forward accountability, which is basically what we're talking about here. But I'm not sure it's that easy to do an annual report, with all the research back over four or five years. From my understanding of doing research, some of it pure, it just wouldn't be that simple. The thing I would worry about — and we've often kidded about bureaucrats, and Mr. Moore has on the committee. It seems to me this would be a bureaucrat's delight. They could be spending a fair amount of time preparing the annual report and looking where they could to find research they've brought in that might be applicable to the private sector. If we took this literally, that they had to have an annual report, I would see that in some of the areas it would certainly add to the administrative costs. I appreciate the need for accountability, and I think that's basically what Mr. Moore is getting at. But I'm not sure that saying they have to have an annual report is necessarily the right way to go. I can see a whole bureaucracy developing, trying to go back in the research to find out if some of it might have been applicable to the private sector in 1984 or whatever, and going back five or six years. I'm not sure that you might not be creating a fair bureaucracy and adding to the administrative costs, which I don't think any of us would want.

MR. R. MOORE: Mr. Chairman, I agree with Mr. Martin's statement that, given the opportunity, bureaucrats will create a greater bureaucracy. There's no question about it. You have a good point about the annual report. If it's a legislated fact that they have to make an annual report, they'll take the time to make the annual report, and it will be many, many pages long. There's no question about that.

I was thinking more that as this information becomes available, without going back and researching it all, it must be apparent where some of it is going. If it isn't, then we should be looking at where the research projects are going. What are we doing, if it isn't apparent somewhere that it's benefitting the private sector? I take that as very good advice. I should probably delete the words "annual report", but report where it does benefit the private sector. If I could, Mr. Chairman, I would amend it by deleting the word "annual", because "annual" does pin them down to a set time of coming in.

MR. CHAIRMAN: Mr. Moore, I take it that what you want to do is amend Recommendation 18 by

eliminating the word "annual" where it exists in the second sentence just prior to "report" — just have that word eliminated?

MR. R. MOORE: Yes, with the report indicating. Omit the word "annual" in the second sentence.

MR. NELSON: I second the motion.

MR. CHAIRMAN: Mr. Nelson said he'd second it. Fair game. [interjection] Well, we can get awfully carried away with some of these little finesses in play. If you want to withdraw the word "annual", I'm sure that's okay with all committee members. We'll then go to Mr. Nelson for a comment.

MR. GOGO: Do we omit that one?

MR. CHAIRMAN: Yes.

MR. NELSON: We'll see.

Mr. Chairman, just briefly on that particular point and that motion, or at least the subject matter that's before us. I don't have any difficulty with some type of annual report being produced, and I don't know that it would be a bureaucratic nightmare. Some of the expressions that some bureaucrats like to create empires certainly have been very correct. Some politicians also like to create empires. But at the same time, the onus should be placed on these people who are receiving funds for research to give a short dissertation as to what benefits their research has given the community at large, be it in the private sector or otherwise, and in the case of medical research, what their research may have done to enhance the extended life or care or whatever the case may be of people in the community at large. Certainly where there's a project that is advantageous to the community, there must be some spin-off to the private sector to produce something that may enhance that product of science or research.

So if the onus is placed on the person or the researcher or the scientist or whatever the case may be, I think an analysis and a report can be put together very, very easily, cheaply, and without a whole pile of bureaucrats climbing all over one another to determine the best way it can be done. I think that could be done very easily. Each department could put their little bit into the thing, and it could be put together by the legislative branch, or whoever would do so, at a very, very cheap cost.

I suggest that we don't remove the word "annual" but leave it in there and encourage the scientific community and those people who are receiving these funds: when they've concluded that research and there's something to report, let's have it. It certainly has to be an encouragement to them to know that their research is being publicized in such a fashion that maybe they can do a little better job on the next one.

MR. CHAIRMAN: So I take it that Recommendation 18 will read:

That each department using trust fund money for research projects provide the committee with a report indicating where the private sector benefitted by or utilized the findings.

That would be the wording that you want to see?

MR. R. MOORE: Preferably.

MR. CHAIRMAN: Thank you. We'll go on to Recommendation No. 19. Mr. Moore, you indicated that you wanted an amendment to 19 as it currently reads.

MR. R. MOORE: Since I made Recommendation No. 19, I've had occasion to talk to some of the people involved in this. I found out that a lot of these research projects that come up before that selection committee are highly technical and require people with that particular type of knowledge to make the selection and appraise the value of the various research projects. Taking that into consideration but not losing the fact that the end results of any of this research have to benefit labour and industry, I would like to amend it by removing "equal numbers from industry, labour, and government" and rewording it to read "occupational health and safety research selection committee include members representative of industry and labour".

Mr. Chairman, I think it's very, very important that we include industry and labour on this selection committee, so they will have knowledge of what the research projects are. They will also have input to that selection committee of where priorities are and the need for research. So often when we have a selection committee such as is now structured, they look at it but may not have knowledge of the priorities that should be placed, where the need for research is. Industry and labour can provide that input to the selection process. With a representative on there, I'm certain they will get that input at the time of selection, and a lot of these research projects will be more applicable to the needs of both industry and labour.

MR. CHAIRMAN: Mrs. Cripps and then Mr. Martin, but first of all just a rereading of the recommendation. It will now read:

That the occupational health and safety research selection committee include members representative of industry and labour.

Was it clarification you were looking for, Mr. Martin?

MR. R. MOORE: If I could, Mr. Chairman, for clarification. If we remember the time the minister was here, we established that this selection committee was made up entirely of government officials from his department.

MRS. CRIPPS: Because I supported the original recommendation, just a question on the change. It would seem to me that if people from industry and labour did their homework on the research proposals that are put before them — and I presume they're sent out in advance of coming to a meeting — I think they would be just as effective, if not more so, than somebody who isn't working and directly related to the industry. So I guess my question is, are you suggesting that the maximum be increased or that there be one member from industry and labour or one of each?

MR. R. MOORE: The way the recommendation now

reads, we leave the discretion up to the department or the minister, whoever makes the selection of that committee. The reason for that is that so often, if you put a limit — as I said, depending on the types of projects coming up, they may need a set number with various types of knowledge to evaluate that. My point is that the end user of all research is either industry or labour. They're the beneficiaries of it. As long as they're there to have input and are also to set priorities, when you have different projects coming up, they know where the biggest demand is. You don't end up by doing research on something for which there is very little need. Technical people may pick out and say that this is a research project, but it may not be one that is of a high priority. Industry and labour can say that and have that input.

On second thought about it, if we start limiting numbers, I think you limit the effectiveness of the selection committee in making the best judgment possible. Now that fluctuates up and down. There's no set number to it at the moment. They set up this selection committee, and you can say there are 12 or 10 or six on it. It depends what they're looking at. They draw the people in to make that selection. My concern is that labour and industry have never been involved in this selection process in the past, and they should be in there right from square one.

MR. MARTIN: Another point of clarification. Now we're saying that as a general principle, more than anything else, members from labour and industry should be involved in the selection process. I guess you're saying that depending on the procedure or what's being presented to them, it could be four from industry and zero from labour or the other way around or various combinations. It's just at the call of the minister. That's my understanding. Is that correct?

MR. R. MOORE: It wasn't my intention that there would be an equal number from industry and labour. I'm concerned about industry and labour being outnumbered by the department officials that make that selection. The end result will be handled with input from labour and industry. They're the ones who are the beneficiaries, and they should have some say in the selection process, which they haven't up to now.

MR. MARTIN: So all you're asking for at this point is the general principle; then see how it works in terms of how they involve industry and labour. You might look at that if this is accepted, then?

MR. R. MOORE: Yes, this is what I am — the principle of getting labour and industry involved at this point in time.

MR. CHAIRMAN: Okay, Mr. Moore, then we'll move on to Recommendation No. 20.

MR. R. MOORE: Mr. Chairman, I wish to withdraw No. 20. I understand it's presently under way.

MR. CHAIRMAN: Recommendation No. 20 is withdrawn. We'll go on to Recommendation No. 21, Mr. Zip.

MR. ZIP: Thank you, Mr. Chairman. First of all, it

needs a small amendment. Following "Interstate No. 15", add the words "to the standards of Highway No. 2 between Calgary and Edmonton".

MR. CHAIRMAN: Let's just make sure we get that. After "Interstate No. 15" you want to add the words "to the standards of Highway No. 2 between Edmonton and Calgary"?

MR. ZIP: That's right.

MR. CHAIRMAN: The last line is the operative line in terms of the amendment. After "Interstate No. 15" we would have the following words put in: "to the standards of Highway No. 2 between Edmonton and Calgary". So the recommendation would now read as it is in the first four lines, and "Interstate Highway 15 to the standards of Highway No. 2 between Edmonton and Calgary".

MR. ZIP: Notwithstanding the arguments put forward against the use of Alberta heritage trust fund moneys on any roads, upgrading Highway No. 2 south of Calgary to Coutts and its linkage with Interstate 15 merits special attention for two reasons. Firstly, from the standpoint of trucking this is Alberta's most important transportation link to the United States and its four-lane interstate highway system connections to the Pacific coast. Since from an economic standpoint efficient transportation is one area where industry in this landlocked province, 1,500 kilometres and three mountain ranges from tidewater, stands to benefit most, the present two lanes on long stretches of Highway No. 2 between Calgary and Coutts is highly inadequate for the smooth movement of heavy trucks. The need for upgrading Highway No. 2 south of Calgary is heightened by the lack of any four-lane highways from Alberta to the coast through British Columbia. The present highway system contributes substantially to the cost of moving goods in and out of Alberta from the coast and substantially diminishes our world competitive position and our ability to diversify our economy.

Another important benefit to be derived from upgrading Highway No. 2 would be felt by the tourist industry. Nothing encourages the flow of tourist traffic more than a superhighway. To link our present excellent four-lane highway between Edmonton and Calgary to the U.S. interstate system with a four-lane highway will open the door to an immeasurable tourist opportunity.

MR. NOTLEY: Mr. Chairman, I don't disagree that major additions of money south of Calgary would be beneficial for all kinds of reasons, but I wonder if the arguments Mr. Zip presented — trucking, tourism, and what have you — could not be used with equal strength on a whole variety of other roads in the province. So be it if the situation, talking about a major project of this nature, is that we are really saying that we are going to see our trust fund invested in primary highway construction throughout the province. That's an argument one could address, but it seems to me that you address that argument. Is this the kind of investment we should make from the trust fund across the board to strengthen the economy of the province? Whether it's improvements that still have to be made on Highway 16, for

example, improvements on northern highways, the road between Fort McMurray and Wandering River, our links with Saskatchewan and British Columbia, or what we should be doing on Highway No. 1, all kinds of roads have significant economic issues involved as well as having a direct effect on the tourist industry.

The point I just want to underscore is that once we get into a major highway project of this kind, then basically we are opening ourselves to trust fund financing of the primary highway system in the province. Now, is that what we want to do? If we recommend this recommendation, we are jumping over many hurdles we've never crossed in the past. We've always assumed that highway investments would come from the general operating revenues of the province. Maybe the time has come when we should look for the trust fund to do it, but I don't think you do that on a piecemeal basis. You then have to say: okay, this is so important to the economy of the province that we're going to look at it or not, as the case may be. But I would hate to see us getting into piecemeal projects where we say: all right, we're going to expand Highway 2 south of Calgary into four lanes; we're going to look at Mr. Thompson's proposal of paving the road south of Kananaskis to Coleman. Then perhaps I'll come along and say: there's Highway 64 that we've just got to get out to Fort St. John. And we have all kinds of other things. If we get into a hit and miss, piecemeal approach to trust fund investment in roads, then we have set a precedent that I think the government would want to carefully consider.

MRS. CRIPPS: I have to agree with Mr. Notley's assessment of the Heritage Savings Trust Fund making recommendations on individual roads. While I would certainly concur in and support Mr. Zip's proposal in another forum — i.e., if we were talking to the Department of Transportation or talking budget and increasing the Transportation budget, I would tend to support this proposal. But while the building of roads is an investment in the future, I'm just not sure it's the kind of investment we want to make from the Heritage Savings Trust Fund.

MR. GOGO: Mr. Chairman, I think Mr. Zip is really onto something. We have Interstate No. 15 — as you know, odd numbers go north and south — that goes from Tijuana to Canada, specifically Alberta, and traverses the third largest state in the union, Montana, with less than a million people. So there we have an interstate highway, fully four-laned and in some cases six, going through a sparsely populated area. No question that when you consider where fruits and vegetables come from in the winter months, in my opinion a strong case could be made for four-laning the highway from the end of 15 at Coutts, Alberta, through to Alberta's capital.

Lethbridge is currently spending some \$80 million on the Crowsnest corridor. It almost seems strange that they'd have a bottleneck at either end until they got to the municipal boundaries, and then they could go through the way they go on the Deerfoot. Albeit there would probably be more responsible drivers and not as many accidents as on the Deerfoot.

MR. NELSON: That's all those Lethbridge people coming up here.

MR. GOGO: Yes, they become infatuated when they enter the boundaries of the city of Calgary.

The difficulty I have is similar to Mr. Notley's and Mrs. Cripps'. I'd like to pose a question to Mr. Zip: if this type of thing were approved, where would you see it ending? In your opinion, would there not then be a strong case for duplicating this throughout all parts of the province? Should the fund really have the responsibility for building highways? I submit to you that I don't think there's enough resources to do it throughout the province.

Mr. Chairman, with those comments, I close with a question to Mr. Zip: don't you believe that if No. 21 were carried, the implication would be that we'd have to do it all through the province?

MR. ZIP: Mr. Chairman, I appreciate the questions that have been raised, and I certainly have thought about this particular aspect to this proposal. But I feel the merit of this recommendation — a major improvement to our highway system is so urgent and so great that it won't pose any future problems. This is a main link for Alberta, not only to the United States but, like I pointed out before, it'll be a long time before we see a four-lane highway through British Columbia. At the present time this is our main link to a very superior highway system that exists just south of the border and to our major market. I feel it deserves special consideration, notwithstanding the fact that highways are normally financed through general revenues. We urgently need this improvement in our economic infrastructure within Alberta to strengthen our economy and give added impetus to two very important industries in this province.

MR. CHAIRMAN: Members of the committee, we have scheduled the meeting to go through to 4:30 this afternoon but, by tradition, we seem to have been terminating around 4 o'clock. Is it your wish to continue to 4:30 or adjourn now for the remainder of the day?

MR. HYLAND: Why don't we go on to 4:30? We have several new ones that we could talk about for the first time, and then vote on them tomorrow.

MR. GOGO: Mr. Chairman, I move that we adjourn.

MR. CHAIRMAN: How many members would be in favour of adjourning now? Kindly raise your hands. It would appear, Mr. Hyland, that you and I will remain behind until 4:30.

Ladies and gentlemen, we have two more recommendations that came here from Mr. Alger. Could I just read them into the record, and you'll have them and know what they are. Mr. Alger, I guess one would be No. 31, then. The recommendation is:

That through the Alberta Mortgage and Housing Corporation, continued emphasis should be placed on the construction of senior citizens' lodges in communities throughout the province.

And No. 32 would be:

That major research projects devoted to the field of gerontology be developed, promoted, and financed.

Miss Conroy will have these assembled for you

tomorrow, and then we'll go to them. It may very well be that we'll be finished all this business tomorrow. So if there are additional recommendations, members should be prepared to have them tomorrow, because I think that will be it.

We're meeting tomorrow afternoon at 2 p.m. Thank you very much.

[The committee adjourned at 4:03 p.m.]

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