

[Chairman: Mr. Oldring]

[2 p.m.]

MR. CHAIRMAN: We'll call the meeting to order. We'll begin with recommendation 30. The Chair recognizes the Member for Calgary Fish Creek.

MR. PAYNE: Thank you, Mr. Chairman. Given the fulsomeness of my remarks at the time of introducing this recommendation and given its very straightforward and explicit wording, I don't think it's necessary to add, other than to request the indulgence of the committee to make a small amendment. After the words "speaking engagements," that amendment would see the addition of "editorial board meetings." The reason I propose that amendment is simply that the editorial positions of such publications as the Globe and Mail and Toronto Star have very seriously undermined or affected the understanding of their respective readership regarding the heritage fund and our province. I would hope that a substantive and meaningful exchange between Mr. Johnston and the members of such editorial boards would go some distance to remedying what I see as serious misconceptions at that level, which in turn, I hope, would result in increased understanding and a more balanced perception on the part of the readers of such publications.

MR. GOGO: Is that all the amendment, or is that part of the explanation?

MR. McEACHERN: I don't really have much quarrel with this recommendation, except that to me it doesn't really seem to get to the root of the matter. The root of the matter is the publication put out by the heritage trust fund that they've got \$15.1 billion in the heritage trust fund, and I don't really think you can expect people in other parts of the country to get into the details and try to get down to the analysis of just what the fund represents. Look at the trouble we've had getting to the bottom of it. If you continue to put out a slick document like that, bragging that we've got \$15.1 billion in the fund, you can't really blame people for quoting you as saying we've got \$15.1 billion in the fund.

You can send all the media blitzes down east that you like, but unless you do something fundamental about how you're accounting for

the fund, if you don't at least take out the deemed assets, then you really don't have much of a picture of the fund. If you don't account for the Crown corporations properly and adequately, if you don't at some point make an assessment that gives you a current value of the fund — 10 years have gone by since the fund was started; it would seem to be a good time to do that.

The suggestion I made about the Crown corporations would go a long way to alleviating the misconceptions of other provinces that we've got some \$15 billion — or \$12.7 billion — sitting there, waiting to be used, that we can get our hands on easily. If the responsibility for that \$7.5 billion in the five Crown corporations were back to the General Revenue Fund instead of the heritage trust fund — other provinces and governments have their Crown corporations. Why do we say that our Crown corporations are in a heritage trust fund that adds up to \$7.5 billion? I know that in some other provinces sometimes they borrow the money and that if we wanted to we could sell those debentures to other people and release some money for use. That's an option that would be a lot easier to take up if the responsibility for the Crown corporations were back to the General Revenue Fund instead of the heritage trust fund.

I think we've built ourselves a bit of a boondoggle here. We've said we've got this much money, we must keep that much money, and we mustn't touch the integrity of the fund. Then we wonder why people misunderstand how much we've got and what we're doing. I think this is just a little exercise in public relations that doesn't really get down to the root of the matter.

MR. GOGO: I support it, Mr. Chairman, for the reasons I said the day the Premier was here. Ontario Hydro is in itself a heritage fund, but no one talks about it. I just wonder if Mr. Payne would consider a slight amendment to his amendment to his recommendation, if after "That the Provincial Treasurer undertake a number of speaking engagements, editorial board meetings and media conferences," he would add, "including a meeting with the Member for Edmonton Kingsway . . .

MR. McEACHERN: They should. They might find out what's in that damned fund, if they'd

just come and talk to me.

MR. GOGO: ... to give him a clearer understanding of the serious misconceptions that certain members have of the concept of the heritage fund."

I support it, Mr. Chairman. I think we had an indication from the Treasurer, the Premier, or the Deputy Premier in his capacity as minister responsible for public affairs that they would become involved in further public information. So I support it.

MR. NELSON: Mr. Chairman, I too support the intent here. With the concurrence of the Member for Calgary Fish Creek, there might be some way of amending this. The Member for Lethbridge West has touched on part of it. I would suggest that "or other members of the government" be placed in there after "the Provincial Treasurer," to offer their assistance, as they tend to travel to the east and other parts of Canada on government business, and that "as opportunities arise" be placed after "in eastern Canada," which would give some attention and focus to this thing to give further opportunities for speaking about the fund.

What I'm suggesting is that we don't necessarily have to send ministers or people to eastern Canada specifically to talk about the Heritage Savings Trust Fund, but there are other opportunities when ministers are down there on their own important business on behalf of the government and their respective responsibilities when they can underline the function of this Heritage Savings Trust Fund.

I get a little sick and tired of hearing the opposition always crying the blues about Alberta. If they would become a little more positive about the province and show a little pride in the province and a little pride in some of these opportunities we have here, maybe these crybabies would offer some opportunities in the east to assist the government instead of trying to shoot bullets and cry like a stuck pig half the time. I think it would probably be useful for them to show some leadership, which they were elected to show, to assist the people of the province in explaining what the realities of some of these things are. I'm sure that if we all examined this in a positive fashion and went out and spoke about the fund in the manner it should be and talked to their colleagues in the east and so on, maybe the eastern media would

also pick up on this thing and determine that the fund is there for the benefit of Albertans and certainly assists other Canadians and that we're not going to the national well and assisting with an increase of their debt from time to time and that this is a good thing for all Canadians. I think that if the crybabies would stop crying, we could maybe get on with this and show some pride in our province and our people of Alberta and suggest that they're not all that stupid and maybe offer some opportunities here. We might all be better off.

MR. PAYNE: Mr. Chairman, I guess first of all I should observe that you, sir, have shown some considerable and remarkable latitude with respect to the rule of relevancy in our debate today.

MR. CHAIRMAN: As always.

MR. PAYNE: Mr. Chairman, I guess I should speak to the two proposed amendments and then return to the substance of the motion.

Starting with Mr. Nelson's recommendation, I certainly have no objection to the concept of additional ministers and Members of the Legislative Assembly from both sides taking advantage of whatever opportunities present themselves when they are in eastern Canada. I have no trouble with that concept, but I think it gets in the way of the thrust of this particular proposal, in that it has a media orientation. We're talking specifically about possible news media conferences, editorial boards, and of course broader gauge speaking engagements. It seems to me that a Provincial Treasurer would bring to those forums the clout and the standing, if you will, to attract a good turnout. So without wishing to undermine in any way the thrust of the Member for Calgary McCall's suggestion, I would think it's not germane to this particular proposal, in that it does have this media orientation.

If I could just speak to the comments made by the Member for Edmonton Kingsway in speaking to the recommendation itself, I hesitate to use the word "naivety," but I feel there was a certain naivety when he made the comment that part of our problem is that down there in eastern Canada they're reading our "slick" — his word — annual report and it gives the impression that we have \$15 billion, and if we change that number to \$12 billion, \$9 billion,

or \$8 billion, the problem will go away. That is utterly naive. The hostility and misconception in eastern Canada is unrelated to the number, as large as it is; it's related to the misunderstanding as to the liquidity of the fund. That document and others that have been produced by this government speak very directly and forthrightly to that problem. What I'm suggesting is that we supplement that effort with the activities proposed in this recommendation.

MR. HAWKESWORTH: Mr. Chairman, I hate to rain on anybody's parade this afternoon, but it's obvious that some members of the committee are not aware that back in November 1986 Ray Martin, the Leader of the Opposition in Alberta, and Barry Pashak, the Member for Calgary Forest Lawn, did in fact undertake exactly this tour that's proposed in the motion here, meeting with our colleagues in the Ontario caucus and the federal caucus. There were a number of news conferences, meetings with the national press gallery in Ottawa, and a couple of luncheon speeches lined up as well. The reason was to seek support for an energy policy in this country that would support this province, with a view also to telling the rest of the country about the economic difficulties Alberta was facing.

I just want to let you know that that was done prior to any motions being made or proposed to this committee. I want to make sure that when people talk here in the committee, they're aware of what things the Official Opposition has already been doing.

MR. PAYNE: If I may be permitted, Mr. Chairman...

MR. HAWKESWORTH: It wasn't directed at the mover of the present resolution.

MR. PAYNE: ... that's somewhat akin to sending General Motors to Ontario to speak about Toyota.

MR. McEACHERN: I might just say that your colleague was suggesting that we're always being negative. They went down there looking for help and understanding. What they found was that people listened politely and at the end said: "So what? You have \$15 billion. Go spend that first, before you come asking for

help."

MR. GOGO: We appreciate your help.

MR. McEACHERN: The point I made was quite relevant. I realize the issue is bigger, but I don't think the government has helped itself by asking for deregulation and then turning around looking for government interference now. I think a lot of those east-west problems have been exacerbated by this government.

As to being positive or negative, I'm not going to stoop to the same level of garbage as my friend Mr. Nelson. We have consistently made positive alternative suggestions and analyzed what's going on. I've given you a suggestion in number 69, that we don't claim there's either \$12.7 billion or \$15.1 billion in the Heritage Savings Trust Fund but that we recognize that those expenditures made in Alberta should be part of the general budget of the province and not be separated. Other provinces don't claim they have a heritage trust fund just because they've got Ontario Hydro or something that has a pile of money. That does give us a perception problem, and it does mean that people turn to us and say, "Spend your own money before you come crying for help." The problem is right at the door of the government. Take it from there.

MR. R. MOORE: Mr. Chairman, I was going to speak, but now I'll just make a couple of comments. I was basically not concerned about this motion, but I am now. I can very clearly see the need for the Provincial Treasurer to go down there and straighten out all the misconceptions the opposition sent down with their little delegation. They've outlined them very clearly here, and they're very misleading, very incorrect.

MR. HAWKESWORTH: What's misleading?

MR. R. MOORE: So in my mind, there is now a very definite need for the Provincial Treasurer to go down there and put the true facts on the line.

MR. HAWKESWORTH: I'm sorry; what was misleading?

MR. McEACHERN: If you have a specific instance, let's have it. If you haven't, then don't

use those words.

MR. NELSON: In that light, Mr. Chairman, I would suggest that members should not be using words at the level of debate, et cetera, either. I'm sure he was in the gutter before I ever thought about going there.

MR. CHAIRMAN: I appreciate the committee leaving politics out of the debate this afternoon. Perhaps we could get back to recommendation 30, and if there's no further discussion, we'll move on to recommendation [31].

HON. MEMBERS: Agreed.

MR. GOGO: Mr. Chairman . . . [interjections]

MR. CHAIRMAN: Order please.

MR. GOGO: . . . this recommendation 31 is:

That responsibility for senior citizen accommodation (lodges, nursing homes, self-contained housing), presently shared by several Ministers, be assumed by one Minister.

This ties in partly with a recommendation from Mr. Kroeger regarding acute care in auxiliary hospital beds. It's been my view regarding one segment of our population, namely senior citizens, that the budgetary implications seem to be divided amongst various ministers. I'm inclined to think that when it comes to one of the basic necessities, namely housing, it would probably be of greater beneficial interest if one minister of the Crown dealt with housing for senior citizens. The way it is now, Mr. Crawford, the minister responsible for housing, deals with the self-contained housing units and lodges in Alberta, and the Minister of Hospitals and Medical Care, Mr. Moore, deals with nursing homes. I think it would be appropriate, if both of these are funded by the heritage fund and both ministers have responsibilities to the fund, that one minister be responsible for all housing needs for senior citizens.

MR. CHERRY: I agree with Mr. Gogo's recommendation. Being involved in the system locally, I can certainly share that when you're dealing with two ministers, you run into problems. So I concur with his recommendation

and hope it goes forward.

MR. CHAIRMAN: Any further discussion on recommendation 31?

MR. BRADLEY: Which ministry does the member suggest it be put under?

MR. GOGO: Any minister.

MR. BRADLEY: Given the fact that you have health on one side and accommodation on the other, there's a combination there. Would you put it all under the ministry of health? Would you create another ministry and take nursing homes out of the Department of Hospitals and Medical Care and have two ministers responsible for health?

MR. GOGO: If I could respond to Mr. Bradley, the common denominator with seniors is housing. Even those in nursing homes receive the rental assistance program given to all seniors in Alberta. In view of the fact that the nursing component in nursing homes really only consists of 45 minutes to an hour a day of nursing care, I don't view it as a health component. So it would be my view that it would probably come under the minister responsible for housing. But I don't feel strongly about it, other than that I think one minister should be responsible.

MR. BRADLEY: Is not the need for more medical or nursing care where the crisis is in terms of the aging population so that it's more on the health side than just with regard to facilities? You also have the Minister of Social Services and Community Health involved in terms of the home care which is delivered in some senior citizens' lodges.

MR. GOGO: And the ADL program. But dealing with senior citizens as related to the heritage fund, Mr. Chairman, I feel that one minister should be responsible for those areas, as opposed to several ministers. I have no preference as to which minister.

MR. CHAIRMAN: Any further discussion on recommendation 31? If not, we will move on to recommendation 32.

MR. GOGO: Mr. Chairman, I need some help

from the members of the committee on this, and I look to the NDP finance critic for some assistance. I base this recommendation on several factors. One, the Heritage Savings Trust Fund is essentially a savings and investment fund. It is not a debt fund. Yet at the same time, the people of Canada lend to the federal government some \$12 billion a year in Canada savings bonds. If we accept that the population of Alberta is 10 percent of the federal, then one could almost assume that \$1.2 billion of that would be Alberta. It might be higher; it might be lower. I sense that it's quite a bit higher. So essentially we have Albertans lending money to the government of Canada, for which they receive interest or rent for their money.

Mr. Chairman, if the Alberta government is in a position now where essentially we are going to be borrowing for a deficit position for four to five years, to quote the Provincial Treasurer, it seems to me we would be wise to borrow that money in Alberta as opposed to New York, Switzerland, or wherever, notwithstanding the differential in rates. It would be my view that most Albertans would prefer to invest in Alberta by purchasing those bonds.

I didn't mean to sway the committee when I suggested that they be known as Alberta heritage bonds, but I think that's very appropriate. The difficulty I'm having — and perhaps this is where members could help — is the role of the heritage fund in borrowing money as opposed to investing money from nonrenewable resource revenue. I think it's a super idea, and I think it's something most citizens would support.

MR. HAWKESWORTH: Mr. Chairman, this goes back to some comments I made last summer in the Legislature regarding the Bill the Provincial Treasurer introduced to raise the ceiling for the borrowing limits. It certainly reflects my concerns that the Provincial Treasurer may have gone to the international money markets to borrow the funds, where the costs that are made to service and repay that debt leave the country, whereas if you raise the money internally, it gets circulated back into the community, into the economy locally. So I think Mr. Gogo is on to something here that merits a lot of attention and consideration.

My only question or possible concern would be: does this start to confuse in the public mind

the heritage fund itself and the purposes of the heritage fund? Would they feel they were buying a piece of the fund? There is a certain overlap there that the public might find a bit confusing. We've already talked today about certain misconceptions and confusions about the fund and the role of the fund itself.

With that small caveat, I think Mr. Gogo has an idea that's well worth considering.

MR. PAYNE: Mr. Chairman, the Member for Calgary Mountain View has actually made my point. I would like to indicate my strong personal support for the concept of an Alberta-type savings bond, for all the good reasons that have been summarized by the sponsoring member and the Member for Calgary Mountain View. But I share the concern that introducing a savings or an investment component on the part of the people of the province would confuse the mandate and purpose for which the fund was established a decade ago. If the proposed mechanism were reintroduced in another form, by way of a private member's Bill or a private member's resolution, whereby the proceeds, the revenues resulting from the sale of Alberta savings bonds were directed to the general revenues of the province, such a proposal would have my unequivocal support.

MR. GOGO: Mr. Chairman, with regard to Mr. Payne's comment, I have taken those steps and have had a private Bill prepared since I introduced the motion. That's why I want the guidance of this committee. At the conclusion maybe I will withdraw it at some point if it's not appropriate for the heritage fund.

MR. HERON: On that point, Mr. Chairman, I look at both recommendations 31 and 32 as being perhaps beyond the scope of this very committee. In my opinion, while 31 has some merit and 32 a lot, they are beyond the scope of this committee and its purpose.

MR. McEACHERN: I've been listening to the reservations with some interest. I like the idea, think it has a lot of merit. I think you could do it in a couple of different ways. In fact, you might even set up two different sorts of mechanisms. If you really wanted to, you could set up one under the heritage trust fund, which is certainly within the scope of this committee. Perhaps if you wanted to put a

caveat on it, you could say that that money must be used for investment, not for debt. Certainly I wouldn't want to restrict the idea of raising bonds to that, however. I see no reason why the Alberta government shouldn't issue bonds, sell them to the people of Alberta or even beyond the borders of Alberta, I suppose, although basically the idea would be to sell them in Alberta and keep the money in Alberta. I'm sure the people of Alberta would respond very positively to it and help cover the deficit.

The government needs money for the deficit. If the niceties of how you do that is a problem, then separate the two and do two projects. But there is no reason at all why the Alberta government shouldn't raise money by bonds, either for the heritage trust fund for investment purposes or for the ongoing general revenue of the province to help with the deficit situation.

MR. CHAIRMAN: Any further discussion? If not, we will move on to recommendation 35.

MR. McEACHERN: Mr. Chairman, this recommendation is not unlike some of the others, but it does have a slightly different purpose. Recommendations 1 and 12 and 34, I believe, were about the deemed assets. No, I guess that's not the one I'm thinking of. I'm thinking of the series that recommended we have hearings. I've got the numbers wrong. In any case, we talked about a committee, a consulting firm analyzing and deciding how much money was in the fund and setting some suggestions for directions in the future, public hearings, and all that sort of thing.

This particular resolution has a little different purpose. We're thinking of an ongoing group of accountants doing a study each year and comparing the administration and performance of this fund and, where possible, looking at other similar funds -- Alaska, I suppose, is a similar one -- or other private investment organizations like some of the mutual funds and that sort of thing. Then we could make some comparisons to see how well the heritage trust fund is making out in terms of its investments. Is it getting the maximum bang for the buck? I think this is just a slightly different aspect of analyzing the performance of the fund, and I think it has some merit. It's fairly self-explanatory, I guess.

MR. HERON: So I understand that what you're proposing is an independent firm of consultants and accountants outside the scope of the Provincial Auditor, outside the scope of this committee, and an extra expense would be incurred.

MR. McEACHERN: They would be reporting back.

MR. HERON: Then I can say that it's small wonder Manitoba is \$5.8 billion in debt, Mr. Chairman.

MR. McEACHERN: It does say, "internal audit group," so it would be a special group of consultants and accountants within the Treasury Department.

MR. HAWKESWORTH: I want to clarify that it's an internal audit group. The job of that internal audit group would be to review the administrative performance measurement systems of that fund: how money is collected, accounted for, and properly invested; control procedures and those kinds of issues.

MR. PAYNE: Mr. Chairman, the reservation I have about the recommendation as presently worded is the difficulty in "performance measurement" of our so-called quality-of-life investments. How does a bean counter evaluate the return on the investment in Fish Creek park or the Alberta children's hospital? I have no problem with auditors...

MR. McEACHERN: Perhaps I could make a correction. I think I started mixing in 36 with 35 a little bit. If you'll look at the two, you'll see they are somewhat separate.

MR. PAYNE: Are we on 35 right now?

MR. CHAIRMAN: We're on 35

MR. McEACHERN: We're on 35, but I started also referring to some of the aspects of 36. I apologize.

MR. PAYNE: I think my remarks still hold, though, with respect to 35. It proposes an internal audit group "to review the administrative and performance measurement systems" of the fund. When such a large and

important component of the fund is the so-called quality-of-life investments, they do not lend themselves to traditional performance measurement systems. I put that reservation before the member and am quite prepared to listen to his response.

MR. McEACHERN: Surely the procedures and administrative apparatus could be analyzed as to how they're being handled. If you're talking about a hospital, surely you can analyze how well it's being administered, even though it's involved in a very important people sort of service.

MR. HAWKESWORTH: Mr. Chairman, the previous item, number 34, talked about the deemed assets of the fund, which is what Mr. Payne is talking about. I appreciate his concern that those kinds of investments are reviewed by the Legislature and each individual department, and once they're made, they're in a separate category. I think what the Treasury Department has been given as a mandate is to administer and set up procedures for the control of the Heritage Savings Trust Fund, the day-to-day management and operation of that fund, and presumably they have set up performance measurement systems and administrative systems and so on. Because of the amount of money in that fund and the magnitude of it, there ought to be an internal audit group with a special mandate, a special responsibility to ensure that those procedures and systems are operative and effective. What may be operative and effective today may need to be reviewed and altered and changed next year, so it would be an ongoing process to ensure the integrity of those systems of control within the Treasury Department.

MR. CHAIRMAN: Any further discussion on recommendation 35? We'll move on to recommendation 36.

MR. McEACHERN: I'd point out that both 35 and 36 were recommended by the Auditor General of Alberta. Thirty-six is the one that gets into the performance evaluation, and only of the commercial part and the cash and marketable securities division of the heritage trust fund, and sort of compares those to other similar funds, like mutual funds or the Alaska fund, as I mentioned earlier. That kind of

information made available to this committee would be quite helpful in setting future policy directions for the heritage trust fund.

MR. CHAIRMAN: Any further discussion on recommendation 36? If not, then we'll move on to recommendation 37.

MR. McEACHERN: In number 37, after sitting through some part of the heritage trust fund hearings this fall for the first time, I felt that we had really good sessions with the Premier and the Treasurer. They took sort of overall responsibility for the fund. Then when some of the following members came before the committee, when we asked specific questions in reference to their specific commitments or responsibilities under the heritage trust fund, at times I felt we should have had time and should have been able to ask them more general questions about the fund, because they are on the investment committee. I was somewhat disappointed in the kinds of answers I got or didn't get. At times the committee was trying to tell me I was out of order and shouldn't ask those kinds of questions, that their responsibility was about telephones only, that sort of thing, and I wasn't to ask them other questions, even the Deputy Premier, who in some ways surely should be able to back up the Premier in terms of overall knowledge of the fund.

I thought it would be important then that at most of the sessions of the heritage trust fund hearings each year we start out with the Treasurer and the Premier but that they also appear after we've been through the other departments, the other sections, so that we could get back to the overall fund again before we make our recommendations. That's the reason for this particular resolution.

MR. CHAIRMAN: Any further discussion on recommendation 37? We'll move on then to recommendation 38.

MR. HAWKESWORTH: Mr. Chairman, I think what motivated this is that I felt one minister in particular was very, very helpful with the quality of the information he presented. That was Mr. Kowalski, Minister of the Environment, particularly as it affected future projections for investments in irrigation projects. He came in with a multiyear synopsis from previous years

and into the future, which I think was the first indication I had at any time of what ongoing commitments represented and meant for the Heritage Savings Trust Fund, certainly as they affected that particular project under his departmental responsibility. I would like to commend him for bringing that information to the committee. I found it helpful, I found it valuable in understanding where that project originated and where it was going, and I would personally welcome that same kind of information from all the other ministers as they come forward to meet with this committee. I think that information would be helpful in reviewing those projects as well.

MR. CHAIRMAN: Any further discussion on recommendation 38?

MR. PAYNE: Just a question and perhaps a view, Mr. Chairman. If that recommendation were passed by this committee, would it require an amendment to the legislation? It's been some time since I read the Act, but my dim recollection is that the mandate is limited to the previous year. I stand to be corrected. Perhaps I need not take up the time of the entire committee if that's going to take more than a few seconds to clarify.

MR. CHAIRMAN: If you look at section 14(3) of the Act:

When a copy of an annual report is furnished to the Clerk of the Legislative Assembly pursuant to section 13(3) the annual report shall be deemed to be referred to the Select Standing Committee for review and a report concerning the investments of the Trust Fund which may contain any recommendations of the Committee concerning those investments or any alternative investments.

MR. McEACHERN: If it were in a technical kind of sense, then I think one would have to just say that surely none of us here would object to what Mr. Kowalski did and if somebody else did a similar thing, it would certainly be very helpful.

MR. HAWKESWORTH: The resolution does not envision that kind of change to the Act; it's a request. The committee found it helpful in one

instance and would likely find it helpful in other instances. If a project is ending in any given year, obviously there are no future projections, and there would be nothing to report in that sense.

MR. PAYNE: Mr. Chairman, reference has been made on a couple of occasions to Mr. Kowalski's work. While we're doing that, I should mention that I found Mr. Sparrow's presentation equally helpful, and it was because of its currency that it was so helpful.

MR. McEACHERN: That's correct.

MR. CHAIRMAN: Any further discussion on recommendation 38? If not, we'll move on. I'll leave it at the discretion of the . . .

MR. McEACHERN: I could comment on 39. We have no guarantee that Mr. Piquette will be back, depending on how long this committee goes, so perhaps one should speak briefly to it.

MR. CHAIRMAN: Recommendation 39 then.

MR. McEACHERN: We had a sort of mixed reaction to requests, not from just our members but from all members of the committee. We went through each of the Hansards of each of the sections fairly carefully to see what requests were made, and we have indeed had quite a number of them. Some of them came quite late and some came fairly promptly. Some ministers didn't respond at all, although they had promised to. I'm sure it's an oversight. But if it were laid on as a more specific requirement, then I'm sure their support staff would take it up and get that information back to us.

I just sent off a letter to Dr. Webber to give us information that he very specifically promised in the Hansard and would hope we'd get it in a day or two, before the end of the session, not that it would necessarily change recommendations but it would be nice to have it on time.

MR. PAYNE: Mr. Chairman, I have no difficulty with the intention or the thrust of the resolution as presently worded except with respect to the reference to "five working days." As a former minister who appeared before this committee, I would have been in a

position to answer in a numbers of areas almost on a same-day basis, but I can contemplate several sets of circumstances that would render the five-day reference unworkable, not the least of which is that many of our ministers are away on trips that take two or three days, and I think departmental officials would be reluctant to submit that material until the minister has returned. There is some information that requires the gathering of statistics from other places, and the time you take to compile the data is contingent upon the time taken by others.

If I were to support it when it comes time to vote on these matters, I would be more comfortable with it if it had either a larger number or ideally a reference to "within a reasonable amount of time," but five working days, I submit, is not realistic.

MR. McEACHERN: I guess we just felt we had to get a number on paper to get a discussion going. I'm not married to five days. Obviously, if the information was quite heavy — you mentioned that a minister might be away, but usually he designates somebody to stand in his place who could probably in most cases okay the handling of information. One of the problems is that the committee does go on for only six weeks, and if you're getting into the last couple of weeks and it's a month before you get the information, you're a little late.

I guess we just felt that we had to have a number somewhere to at least generate the discussion. Even if you said "within five working days if possible" sort of thing, it would not really upset me. In fact, I can make that as a suggested amendment if that would then make it meet the approval of the committee here.

MR. PAYNE: Where feasible.

MR. McEACHERN: "Where feasible" would be a good expression. Would that make it more acceptable to other members? Is there anyone else who wishes to speak on that?

MR. PAYNE: That would make it more acceptable to me, with the clear understanding that the feasibility determination is made by the minister.

MR. McEACHERN: I'm trying to get some sense from the rest of the committee. I'll make

that amendment, and then people will have to decide for themselves whether they want to — within five working days if feasible. All right? That's only saying that the minister will try to meet the five days, but if it's not possible, then it's not possible.

MR. CHAIRMAN: Any further discussion on recommendation 39?

MR. McEACHERN: I suppose "if feasible" should really be at the end of the sentence, after the word "appearance," shouldn't it? That's better English. That would make more sense.

MR. CHAIRMAN: We'll move on to recommendation 40.

MR. McEACHERN: Number 40 just says:

That sufficient resources be allocated to the Standing Committee for research, thereby enhancing the Committee's research capacity and ensuring the better discharge of the Committee's mandate.

Many standing committees in Legislatures and Parliaments are assigned one, two, or three people to help them do factual research so that the committees themselves are not bogged down in doing a lot of reading and digging to try to find out what's going on but rather are in a position to analyze and judge information presented to them. We think that would make a very important contribution to the effectiveness of this committee in making recommendations to the investment committee of the heritage trust fund.

MR. NELSON: I shouldn't do this, Mr. Chairman, but I will anyway.

First of all, I appreciate the reason for the motion, but I would like to suggest that, number one, we as members have some leadership role to take insofar as budgetary constraints are concerned. Number two, each of our caucuses has available a number of research people and some interns at different times. If we really want to start having additional staff for research, maybe we should examine the people we have giving us assistance in our everyday tasks. It is quite conceivable that a caucus could in fact clear up one or two of their researchers for various committee work. I'm sure much of the work that is done here relates

to motions, bills, or other discussion papers that are tabled in the Legislature. It would just be an additional request to have this work concluded to the extent necessary to assist members of this committee.

I would strongly urge that we not support that particular motion but in fact suggest that we use that research staff presently available to our caucuses for the purpose of assisting members on the committee.

MR. CHAIRMAN: Any further discussion or debate on recommendation 40? If not, we'll move on to recommendation 42.

MR. HAWKESWORTH: Mr. Chairman, this reflects a recommendation made by the committee in its report of April 1986 that the Alberta government should -- and it's not word for word -- increase its efforts to persuade the government of Canada to significantly increase support for Albertans through federal agencies and thereby reduce pressure on the Heritage Savings Trust Fund, which would in turn give the provincial government more flexibility in its use of its fund for the benefit of Albertans.

Mr. Chairman, I think it comes back to an earlier recommendation this afternoon about the misconception of the fund, how it is being used or could be used in Alberta, leading the federal government to pull back from some commitments to Alberta through its federal agencies and saying, "You've got this big fund to do what you want with, and because of it you don't need the same level of support from the federal government that other Canadians enjoy." Here again is an example of a way in which the fund serves as a liability by reducing that involvement from the federal government.

Mr. Chairman, not knowing how these decisions are made, I wonder whether the recent federal decision on Syncrude is an example of where they feel that if Alberta wants this project, Alberta has the resources to do it, thereby putting the onus entirely on the province. Energy self-sufficiency, which Syncrude could represent for this country, is something that's of national importance, not only of provincial importance, yet the federal government has made some decisions on that, and I wonder if they stem from the fact that there's a misconception about the size, flexibility, and liquidity of the Alberta Heritage Savings Trust Fund. If the Provincial Treasurer

undertakes a tour of speaking engagements in other parts of Canada, perhaps one of the things he could be doing is educating or persuading the federal government to relook at its level of support through federal agencies to Albertans.

MR. CHAIRMAN: Any further discussion on recommendation 42?

MR. GOGO: I want to ask Mr. Hawkesworth if he has a package of information that support to the housing program and farm credit, for example, is proportionately less to Albertans than it is to other provinces, and if he has considered that the government of Canada, in its purchasing of goods and services from the province of Alberta, is purchasing its share. If not, would he consider having that included as well? I guess the difficulty I have is that the operative phrase is to lessen the pressure on the heritage fund. On that basis, I guess it would be in order within the fund recommendations. But it seems to me that "to significantly increase," if Alberta is getting a disproportionate share now, would be an unfair request. So if he has any information, I'd find it interesting before I determine whether to support it.

MR. HAWKESWORTH: I don't have any information to provide to the member at this point this afternoon.

MR. McEACHERN: I don't have any specific numbers for you, John, but over the past few months I have read of a number of instances where it didn't seem that Alberta was really taking advantage of public programs to the extent that other provinces have been able to. It's not necessarily that anyone is particularly at fault. I think Alberta has just had quite a lot of money and quite a lot of programs going and wasn't perceived to have had the same need as perhaps some other provinces that were not so well off, so they weren't as aggressive about demanding and asking for federal help under different agencies. I think that situation has now changed, with Alberta being in a deficit position in our General Revenue Fund. So it seems to me that we're really just urging the Alberta government to make sure that all our departments and all the programs they have going are aware of federal programs of a similar nature and that people asking for help, small businessmen or whatever, can be directed

to some of the federal programs on a more consistent basis than has been the case in the past. I think there is quite a lot to be done in that area.

MR. CHAIRMAN: Any further discussion? Recommendation 43 then.

MR. HAWKESWORTH: Mr. Chairman, I think it's a fairly straightforward recommendation:

That in those instances where significant amounts of Alberta Heritage Savings Trust Fund money have been invested in debentures, shares and other securities of private-sector corporations, the Government endeavour to obtain a seat on the board of directors [of those particular corporations].

Again, it comes back to some discussion that took place earlier in these meetings, and that is that when investment from the fund is significant, the government attempt to have some participation in the governing body of those corporations to ensure that liaison takes place between the government and the board in a very formal way, through membership on that board of directors. It's an attempt to ensure participation with that private-sector corporation through participation on that board of directors and being kept abreast of the activities of the corporation to ensure that the interests of the government are looked after and monitored.

MR. HYLAND: Mr. Chairman, a couple of questions. First, I wonder what the member is thinking of in terms of "significant," because that could be pretty wide open. Secondly, are you suggesting that any group that has borrowed — for example, from Vencap, where it's a combination of private dollars and government-funded dollars. Who are you suggesting these people would be? Who would we appoint to those positions if we achieve them?

MR. McEACHERN: Just very quickly for clarification. Vencap questions are dealt with in 46 to 49. This was not specifically geared to Vencap.

MR. HAWKESWORTH: I think recommendation 48 deals with the situation just raised. It's a resolution worded in such a way as to provide a fair amount of flexibility in terms of how the

government might interpret "significant." There are different situations. There's a wide variety of funding arrangements with a wide variety of private-sector corporations. What might be significant in one instance — if you were to say a certain percentage, a dollar amount, or a certain size loan, with a certain company that might be very small but in another situation it might be significant. It's not intended to create a straitjacket that would tie the government's hands to each and every situation. There's a fair degree of discretion left up to the government in the wording of this motion.

Who that person would be? I presume it would be someone those in government felt they could entrust that responsibility to, either someone with experience in that industry or someone who has good background experience that would contribute to that corporation as well as be effective in monitoring the interests of the government.

MR. HYLAND: So you're suggesting non civil servants in most cases?

MR. HAWKESWORTH: Again, there's discretion that would be left to the government in terms of naming individuals. This doesn't limit the government to either bureaucrats or nonbureaucrats. It could vary, depending on individual circumstances.

MR. HERON: Mr. Chairman, I have to disagree with the spirit and intent of the recommendation, because I believe it's that basic philosophical difference we have in terms of obtaining control of the various boards. If you look at some of the large pension funds which invest or buy debentures and bonds in publicly traded corporations, they don't make the requirement that for every significant investment they get on the board. I think it sets a very dangerous precedent in that if all investors endeavoured to get on the boards, you would be defeating the very management team that served historically to make that company successful.

As I said at the outset, it's a basic difference in ideology. I have difficulty with it. I believe in allowing the free enterprise system to work. If you wish to invest in a particular company, you look at the risks and rewards of the particular securities you wish to invest in. You

don't demand, hand in hand with that, some control.

MR. R. SPEAKER: I think I'd agree with those comments. I'll just add that you protect yourself in terms of the agreement you make with that respective enterprise. Secondly, when you inject a political appointee, you politicize that organization, and they start looking at ways of using that person to benefit through getting more out of government or maybe doing things the way government wants. I wouldn't want to see that. Thirdly, we're introducing an extra cost, again to government. We'll have to pay that person we appoint to the board. I don't know how many we would become involved in, but we're trying to cut back on employees of the public service rather than add. It would be just a new fleet of political appointees being well paid, if I could put it in very crass terms. We don't need any more of that. You don't agree with that either. [interjections]

MR. McEACHERN: Sorry, but I don't agree with either of the gentlemen. You make it sound like you don't like government appointments to boards and that sort of thing. What about the people you appointed to run the Alberta Energy Company? What about the people that have been allowed to run Vencap? You know, you have that problem anyway. Basically, it's there. This government has not been any better than any other government and worse than some, I suppose, in who they appoint, who knows who, who does what, and why, where, and when, and that sort of thing.

So I don't see that there's anything wrong with this. All we're saying is that there would be a member of the board to look after the government's interests. Quite frankly, Vencap could certainly use one right now. They've been given the money and told, "Here, go do what you like." As you'll see, there are four recommendations that indicate some of the problems some of you people have seen with Vencap. So all I'll say is that I don't think you should dismiss it too lightly.

MR. CHAIRMAN: Any further debate on recommendation 43? We'll move on then to recommendation 46.

MR. HAWKESWORTH: Mr. Chairman, the matter of Vencap Equities was raised and

discussed earlier in the hearings. That would have been early in November, in the first week or so of the committee hearings. The original mandate of Vencap was to work toward the diversification of Alberta's economy. My understanding is that not all of that \$200 million has been used in that way but has simply been placed in safe investments to generate a fair degree of income to Vencap without leading toward the diversification of the economy.

I think it's one of the few instruments that has been established to take money from the fund with the specific thought or intention of diversifying the economy. We all recognize that those kinds of investments carry with them a higher degree of risk than any other investment in this portfolio. Risk means that sometimes you're going to fail. I hope that Vencap understands and that we're supportive of the fact that not in all instances do those companies they support have to succeed. We recognize that the start-up of companies carries with it the possibility that a number of them are not going to make it. I think we should be encouraging Vencap to really go with that mandate, because there aren't very many other instruments within this fund to promote the diversification of Alberta's economy.

MR. CHAIRMAN: Any further discussion on recommendation 46?

MR. HERON: As a former officer with a venture capital firm, Mr. Chairman, I would like to go on record as saying that I have the highest admiration for the outstanding citizens who have served and do serve on the Vencap board and for the outstanding stewardship of Vencap's assets under the direction of Derek Mather, president and chief executive officer. I feel it's to their credit that they were able to stand back and withhold the temptation of investing in securities at a market high. They're now in a far better position to fulfill their mandate. I think it's because of that diverse group of backgrounds that they were able to withstand the pressure of rushing out and investing that money during the last economic boom.

MR. McEACHERN: A particular point relative to number 46. Vencap was set up with the idea of diversification, and I would just like to remind people that this summer Mr. Mather was quoted in the paper as saying that the main

purpose of Vencap was to make a profit for its shareholders. I think that has put the whole concept of Vencap in jeopardy. I'm not saying they shouldn't be trying to make a profit, but obviously they were also given a mandate to try to get companies started and to encourage risk-taking and entrepreneurship in various different fields.

I think it's one of the problems of the arm's-length relationship the government set up with this corporation and the fact that they've been left with \$200 million. In fact, when we started these hearings, they had not spent any of the \$200 million. The money they'd spent at that stage was really some of the \$44 million-plus interest that had accumulated. Maybe they've now dipped into the \$200 million a little bit, but they still have not really begun to need the full \$200 million they were given.

MR. CHAIRMAN: Recommendation 47.

MR. HAWKESWORTH: Mr. Chairman, this is directed at the notion that many of the new jobs that will be created in Alberta's economy will come from small business, and this would encourage the officers and directors of Vencap to reduce its minimum for equity investments from \$1 million to \$50,000. There are a lot of people out there who do not need a million dollars to get a viable business under way and create jobs in the Alberta economy. In fact, there are a lot of them -- and probably a lot more -- at the lower end of the scale who could make effective use of something in the order of \$50,000, \$100,000, or \$150,000 to get an idea off the ground and get started in a business. But if the minimum is a million dollars, that's going to leave a lot of people out. This resolution would reinforce a commitment to look toward small business to diversify the economy and create employment. It doesn't tell Vencap that all of its investment now has to go to \$50,000 investments instead of \$1 million investments. What it is simply saying is that they should look at creating within their portfolio a category for businesses of a substantially smaller scale than that of a million dollars.

MR. HYLAND: Mr. Chairman, the problem I would have with that resolution is that if we accept it, we might as well toss Vencap out and start something else. I don't know a lot about

the investment community at that level or how everything works. All I do know is that they have to put together and present their prospectus when they're trying to set up a company. The cost of doing that would eat up a great portion of the \$50,000. I thought we had SBECs to fill that gap between the million-dollar and the smaller one-, two-, or three-person businesses. If they can contact somebody who has these SBECs, they can invest in an equity position in their business, yet without control of the business. I thought that's what SBECs were for, but maybe others who are more familiar with the investment community, like the Member for Stony Plain, could make some comments.

MR. McEACHERN: The SBECs can be smaller than a million all right, but they don't go down to \$50,000. They start at \$100,000, plus the 30 from the government. The SBEC program had pretty well run out, and they threw in another \$11 million, I believe, so that's a limited program. The loans to small businesses program was taken up very quickly; there's nothing left there. The Alberta stock savings plan: you have to go public. Again, you're not talking about a small private entrepreneur who wants to retain his own private ownership. So there is a gap in this province between the big investor and help for the little investor, and this would go some way toward helping that. Of course, if you were to do this, one of the saw-offs is that it would cost Vencap more for administration. I could not blame them for being reluctant to lend out a million dollars \$50,000 at a time. That takes more paperwork than to loan out a million dollars once. Nonetheless there is that need for small businesses to be able to have access to equity capital. We think this would go somewhere toward helping Vencap become a useful economic tool in this province.

MR. HYLAND: Mr. Chairman, I thought that with SBECs, even though the limit is a hundred, they don't have to invest their total amount in one business. They can split it up.

MR. McEACHERN: But I believe they still have to go public to qualify. It has to be a publicly traded company. Is that not right?

MR. HYLAND: No, not for SBECs.

MR. McEACHERN: In any case, the money for SBECs is pretty limited. The last \$7 million was put in in the middle of the summer, and then \$11 million was injected after the House quit sitting -- more government warrants.

MR. GOGO: Mr. Chairman, I am interested in the comments of the Member for Cypress-Redcliff. As a shareholder of Vencap, not as a legislator, I would hope that Vencap would operate in a profitable position. That's why I bought shares. I thought the intent of setting up Vencap was to have the private sector determine what is needed in the private sector and let them run their own show. So Mr. Hawkesworth's words, "to encourage the officers and directors of Vencap," tend to bother me. I would see nothing wrong with Mr. Hawkesworth as a legislator writing to Mr. Mather and saying, "It's my view that you should do the following." I really don't think it's the affair of this committee to presuppose that they know better than Vencap as to how they can help in an equity position in the private sector.

MR. PAYNE: Mr. Chairman, let me put a caveat on my remarks. I'm not as informed on Vencap's past and recent operations as I'd like to be. But with that caveat I would like to suggest to Mr. Hawkesworth that I support the thrust of his recommendation, but I don't think it's necessary. Subject to further research on my part, I'd like to confirm a preliminary report I have which suggests that Vencap has made several if not a number of investments far below the \$1 million figure. There is one as low as \$100,000 that I am aware of.

MR. McEACHERN: There may be two under a million, but no more, unless there is something in the last month.

MR. PAYNE: I don't want to get caught picking nits, but the phrase I've been given in my preliminary research documents is "several."

MR. McEACHERN: But they did set that a million dollars would be the limit, and then they went back on that twice, I believe.

MR. PAYNE: I think it's more than twice. If that is the case, perhaps there is no need for the recommendation.

MR. McEACHERN: Perhaps in December they did, but it's only very recently.

MR. HAWKESWORTH: Coming back to a comment made earlier by Mr. Gogo, he had certain understandings about the purpose of Vencap. Did the province have any understandings as to why it was committing \$200 million in terms of debentures to Vencap? Were there no other objectives from the government's perspective for providing that debenture other than what Vencap's objectives were? I'm just thinking that what we're here to do is to consider the investment on behalf of the Alberta Heritage Savings Trust Fund. My understanding is that one of the objectives of this fund when it was set up 10 years ago was to lead or support or assist in the diversification of the Alberta economy.

MR. GOGO: In an equity form.

MR. HAWKESWORTH: In an equity form or whatever. It has chosen to use this instrument called Vencap Equities Alberta Ltd. to achieve that. There are a couple of other instances where money in the fund has been used toward that objective: the food processing centre and the microchip. I suppose one could even argue to a certain extent that Alberta Opportunity Company has been seen as another tool, but there aren't many of them. So when the fund has earmarked certain kinds of investments to achieve that one objective, I think we should be taking it upon ourselves as a committee to ensure that that emphasis is maintained, because if we lose it in Vencap, there aren't too many other instruments that have used Heritage Savings Trust Fund funds to lead toward the diversification of the Alberta economy. If we don't do it here, where are we going to do it?

MR. HERON: I would like some clarification on your understanding of what the venture capital firm is going to do. Vencap was very clearly set up with a mandate to use Alberta investment expertise to invest in companies to expand our economic opportunities. To do that you have to take a large amount of risk. A venture capitalist by its very name, investing in a minority position in a company, takes a fair amount of risk. The responsibility falls upon the management to scrutinize those companies very, very carefully so that he shares in some of

the successes as well as sharing in some of the risks.

I think it's very, very important that we as legislators understand that we have to allow the expertise of these gentlemen to work, to select investment opportunities, to look for those unique opportunities such as the hula-hoop, the Beatles, computer equipment, and things that have been made in the past that have returned a hundred thousand times their original investment. Over the very long haul I think we may find out that Vencap was perhaps one of the wisest and most prudent decisions taken by this government.

MR. HAWKESWORTH: I don't think the resolution is in opposition to the comments just made. These are worded so as to encourage the officers and directors of Vencap to achieve various things: 46, "to encourage [them] to preserve its original mandate of diversification"; 47, "to encourage [them] to reduce its minimum for equity investments"; 48, "to encourage [them]" and so on, comes back to a concept discussed already this afternoon in terms of nominating directors from Vencap to the boards of recipient corporations; and 49 has to do with the corporate registry for companies doing business in Alberta. It's simply to encourage these directors and officers. It's not saying, "Henceforth and evermore thou shalt do these things." It's encouraging them to remember their original mandate of using these funds from the Heritage Savings Trust Fund to lead to diversification in the Alberta economy. I don't see how that's going to be achieved unless you put some emphasis on small business, something below a million dollars, for each investment you make.

MR. HERON: That said, Mr. Chairman, I think it also falls upon us as committee members to clear up where we can any myths or misconceptions. In the previous speaker's reference to 46, 47, and 48, I think we have already looked at a situation where several investments are below a million dollars. Item 48 states that we should recommend that they take board positions; this is in fact what has already happened. In some cases where there is a large investment, Vencap has two of its staff members on the board to provide direction and management options in the early stages. In item 49 we're talking about the corporate

registry. I as an Albertan note that all the investments except perhaps one or two have their corporate registry in Alberta. I don't find anything wrong with a company having its corporate registry in, say, Toronto and its plant and facilities in, say, Lethbridge, Medicine Hat, Red Deer, or a large Alberta town to create jobs and investment opportunities in Alberta. I'm responding to all of them in an attempt to clear up some of the myths or misconceptions that could be created by reading through the recommendations.

MR. McEACHERN: Mr. Chairman, I'd also like to clear up some of the myths.

MR. HERON: That would be difficult, Alex.

MR. McEACHERN: You said several. Okay, I've looked it up. Out of the first 20 investments -- 21 investments; one went bankrupt -- that were going as of September 5, 1986, there were three corporations that had been loaned money that were under a million dollars, and they were all over \$500,000. So we are on a legitimate point when we talk about smaller businesses. The \$50 million is a lot less than \$500 million.

As to having somebody on the board of directors, one of the reasons that prompted this particular resolution was that we saw that was the case. In some cases the Vencap board of directors had placed somebody on the board of directors of the recipient corporation. We thought that was a good idea. There were other times, however, when we weren't sure but what the person who happened to overlap was the reason for the loan. You couldn't really tell if you didn't know the times of the appointments. We thought at least we would come out with a positive statement about the way around, with which we at least agreed. If Vencap decides to invest in a company because they have a friend on the committee, that's one thing. If they decide to put somebody on the committee to look after the investment, that's another. I think it was a legitimate question to ask the minister; we talked about it. I think this is a legitimate request to make.

Since you raised 49, the registration of these corporations, let's have a little look at that while we're at it. There were either six or seven corporations that Vencap invested in that are not registered with the corporate registry

here in the province of Alberta. That seems to me just totally ridiculous. I don't understand why they weren't told, "You register in Alberta so that you qualify." That's just one of the things we thought prudent business sense would tell you, that you want somebody who's legit, somebody who would put their name on a paper with the government and say: "Here is this company. We are the board of directors; we are responsible." If a company isn't willing to do that, then what are they doing?

I raised this with a corporate friend of mine and he was totally flabbergasted. He said, "I'm not sure I even believe that it can be the case that they have a right to operate in the province without registering." If they have the right to operate in the province without registering, why have they? If they're going to get Alberta government money, why don't they register? It just seems to me simple, prudent business management. That's why that point is there.

MR. CHAIRMAN: Any further discussion then on recommendations 47, 48, or 49?

MR. McEACHERN: Mr. Chairman, could we go on to number 70, which is also a Vencap resolution? We may as well deal with Vencap while we're at it and then come back to the others.

HON. MEMBERS: Agreed.

MR. McEACHERN: In number 70, since after some three years of operation Vencap has not been able to use even the major portion of the \$200 million it was given and given the downturn in the economy and the economic position of the province — and it was also the point of view of a number of business people throughout the province when Vencap was set up that the \$200 million was far more than was necessary; I think they've been proved to be right — I've suggested that the heritage trust fund investment committee ask for at least \$150 million of the \$200 million back. That would still allow this corporation to go ahead and fulfill its mandate. It would still allow it a margin of some \$40 million for further expansion. It doesn't seem to me that they need the full \$200 million. We're not getting very good use of it.

The minister, Mr. Shaben, indicated when he

was here that most of the \$200 million was earning about 9 percent and that we were getting half of that; we were getting 4.5 percent or something. That's just not a good enough return on the investment of the heritage trust fund. Obviously, that group of 26,000 shareholders in Vencap, with the start they've been given and the interest they've already received up to now, could carry on with \$50 million and perhaps fulfill the mandate better in the future than they have in the past; anyway, one would hope so. We could get \$150 million back into the heritage trust fund, which would go a long way to making up the needed money to complete the capital projects commitments for the next year, or for that matter it could be transferred back into the General Revenue Fund or whatever the investment committee thought was the most important use of that money.

AN HON. MEMBER: Indian giver.

MR. McEACHERN: Quit insulting our natives.

MR. GOGO: Following up with what Mr. Heron had to say, I don't know at this point in time how many companies Vencap's looking at. Relax Inns has come out of the blue for \$6 million; I had little knowledge of that. Maybe they've got 27 at \$3 million; I don't know. Far be it from me to sit here as a member of this committee and make the judgment that simply because Vencap has not utilized the money to this point — if Mr. Heron's observation is accurate, they're venture capitalists by nature, and they keep searching the markets. I think it would be a shame if we attempted to pull the rug from under their feet by requesting the funds back if indeed they have 10, 20, 30, or 40 potential companies that they're prepared to invest in. To me we made the decision to lend them the money. I think they should have a fair opportunity of exercising that privilege of investing in companies.

MR. CHAIRMAN: Any further discussion on 47, 48, 49, or 70?

MR. R. SPEAKER: Mr. Chairman, just an information question in terms of Vencap. The inference from all these resolutions seems to be that Vencap should allocate more money in terms of investment, that we should get that money out there in the marketplace. What

hasn't been recommended by the resolutions is where the rules should be relaxed or if this committee should give some kind of directive that relaxes those rules in terms of the way the money is allocated. The inference I get is that they're not relaxed enough and that they're just not putting it out into the marketplace very quickly.

MR. McEACHERN: I suppose one could say that they have been very cautious investors, and if it's supposed to be a venture capital organization, then of course one is always a little ambivalent about that. You hate to see them take government money and go bankrupt.

It would seem to me that the key that would help them to get some of that money out there -- and I don't think they need to put \$200 million out there. There are financial analysts across this country who have come right out and said that \$200 million was far too much money to start with. Since they've raised a fair amount of money -- I think \$50 million -- that would certainly be enough to work with for the next few years. I think the one that would get more money out there, if you like, is the one that says they could loan \$50,000 instead of \$1 million. Because they wouldn't be putting so much money into one basket, they wouldn't have to be quite so cautious. If you start putting little bits of money into a lot more baskets, and if some of them come in at a hundred or a thousand times, which I heard my friend Mr. Heron talking about, then you can afford to have a few of them go bankrupt. You would help a lot of small businesses get off the ground. You guys keep talking about the entrepreneurial spirit, but the little guy trying to get off the ground right now in this province is not having much success.

MR. HAWKESWORTH: I think Mr. Speaker has come to one of the nubs of this: how long are you going to let that money just sit there without being used for the purposes it was intended? If a major portion of it is just about to be committed because of the prep time that is taken to get these companies to the point where commitments can be made, that's one thing. But if we're going to be sitting here a year from now and very little of it has been invested and the year after that not very much of it has been invested and it's paying a rate of return of 4.5 percent to the fund just to sit

there, I'm sure there are lots of ways it could be better used.

We've got a host of suggestions that have been made by members around the table, whether it's coal cars or grazing leases, just to name two, or technology development with the oil industry. There are lots of suggestions about how money could be spent, and maybe there are better ways of spending it than letting it sit in some bank account somewhere for Vencap to sit on. The point is that if it's not going to be used for the purposes for which it was intended to be used, maybe we should be earmarking it for some of the other ideas that have been raised around the table in the last few weeks.

MR. HERON: Mr. Chairman, before leaving the topic, I'm still unsatisfied with the notion that this or any government has the power to call back the money. This money was loaned to a company in good faith, and it doesn't really come back until the year 2003 in terms of any substantial payment. It was loaned under a contractual obligation and went out and attracted money from the private sector through a public offering with a prospectus. I just do not like the myth to persist that this or any government has the power to go out there and call that money back from that company. The terms are clearly defined. If we look at schedule 6 of the statement, they are clearly defined as to what constitutes the repayment schedule and the interest rates on these debentures.

MR. McEACHERN: Then all I can say is that the Alberta government is pretty loose with \$200 million. It said: "Here, you guys. There you are; take it. Good-bye. Go do what you like with it. Diversify the economy for us. If two months or three years later you decide you don't want to diversify the economy, that's all right too. Do what you like with it." That's basically what they've done. The arm's length, hands-off...

MR. NELSON: That's nonsense.

MR. McEACHERN: Well, you heard the answers Mr. Shaben gave me. He wouldn't even give me answers about the kind of debentures and shares that were handed to the corporate administrators and board of directors. So we've given away \$200 million, and you're saying that

we have no responsibility or no right to take any of it back. If they're not doing the job with it, we have the right to take it all back.

MR. HYLAND: No, we don't. If they're not doing the job, rather than getting the money back, we should get rid of them.

MR. NELSON: But you can't. There is a way of doing it, though.

MR. McEACHERN: Well, I thought we got at some of the basic issues with these resolutions.

MR. CHAIRMAN: No further discussions on this . . .

MR. GOGO: What is it, Stan?

MR. NELSON: I'll discuss it with you privately. I don't want to give these socialists a bunch of ideas.

MR. CHAIRMAN: If there's no further debate on those resolutions, we'll move on to recommendation 51.

MR. McEACHERN: This was put forward by my colleague Mr. Piquette:

That the Alberta Agricultural Development Corporation and the Alberta Mortgage and Housing Corporation dispose of unsold properties acquired through quitclaims and foreclosures in an orderly manner having consideration for prevailing real estate market conditions, and where such properties are not saleable, lease such unsold properties in an orderly manner having consideration for prevailing rental market conditions.

It would just be an orderly way of disposing, to some extent anyway, of some of the foreclosed properties of those two institutions.

MR. CHERRY: I just have one question. I don't know what you're speaking of, but if you're speaking of farmland and leasing farmland, for example . . .

MR. McEACHERN: Under the Agricultural Development Corporation, yes.

MR. CHERRY: In my mind, for today's farmers to lease a quarter section of land for one year is

a waste of money. You would have to look at it to have a lease of three to five years on good agricultural land. Would you support that?

MR. McEACHERN: Sure, that would obviously be one of the finer points the people in the business would have to decide. It's the general principle really.

MR. CHERRY: Yes, but sometimes these general principles are . . .

MR. McEACHERN: Seen differently by different people; I agree.

MR. CHERRY: Yes.

MR. PAYNE: Mr. Chairman, if my memory serves me correctly, both the minister responsible for housing, Mr. Crawford, and the Associate Minister of Agriculture, Mrs. Cripps, have stated to us in committee that this proposed policy is already in place. I accept their remarks at face value, because they're consistent with my own experience and information. I appreciate that Mr. Piquette is not here, but perhaps I could ask one of his caucus colleagues to elaborate on why there is a need, given the statements of the responsible ministers.

MR. McEACHERN: In talking to both of them, I think the feeling was -- I know Mr. Crawford talked about that in some aspects of housing. I remember that the portfolio for Alberta housing is pretty varied, from seniors' homes to single-family dwellings to condominiums: all kinds of different housing. He talked about that in some areas. He didn't say it was a general policy covering everything. It may be, but it sounded to me like it was sort of in its infancy and they were struggling with how to cope with this situation we're in. To some extent it was the same with Mrs. Cripps, although I thought she was very good in her direction.

This is just to sort of formalize it, if you like, and say: "Yes, you've got the mandate. That's what should be done; go ahead and do it. If you're not doing it, then in some aspects of your portfolio start doing it." It would make sense. I guess that's really more a matter of trying to formalize and give her and him approval for getting on with doing it on a consistent basis, across the board, as it makes

sense and as they can develop the programs. Obviously, it's something you can't do overnight or very easily or very quickly, but that's the way I see that resolution. It isn't in opposition to the directions they were trying to go from our questioning; I agree with you on that.

MR. CHAIRMAN: Any further discussion on recommendation 51?

The Chair would like to suggest that we break off the discussion of recommendations at this time. I want to outline a suggested course of action from this point on. I would point out to members that we have debated 55 recommendations to this point, so we have approximately 15 recommendations left to deal with, and we should be able to complete that tomorrow. What I would like to suggest is that we declare Thursday a reading day to enable members to reviewing all the recommendations one last, final time prior to voting and also to allow members with similar recommendations or suggestions the opportunity of consolidating them, if they desire. I would suggest that we meet a week from tomorrow to vote on the recommendations we've debated. The initial proposal was to debate each of the recommendations ahead of time and then vote on them at the conclusion of debate. I would also like to suggest that we allow perhaps a 30-second time allotment to the mover of each recommendation to sum up prior to the vote.

MR. McEACHERN: Two minutes? If you're going to bother to say anything, it takes a couple of minutes.

MR. NELSON: For some people it takes a couple of minutes to say nothing.

MR. CHAIRMAN: Initially I think the intent was that all the recommendations have had ample debate and perhaps no time is needed at all. But I felt it might serve some purpose just to allow a quick summary and an opportunity to refresh members' minds.

MR. PAYNE: Mr. Chairman, before I could agree to your proposal, sir, I would like to request that if the committee is so agreed, you manage the committee with an iron hand a week from tomorrow so that the proposers' speeches are not simply extended rehashes of speeches that have already been made and that

they don't incite debate from other sides of the table. The speeches have been good but not so good that I'd want to hear them a second, third, or indeed a fourth time.

MR. HAWKESWORTH: What kind of flexibility is there between the 14th and the 15th in terms of . . .

MR. NELSON: None.

MR. HAWKESWORTH: Is that it?

MR. CHAIRMAN: Again, if it's a problem for too many members, we'll have to look at other dates.

MR. McEACHERN: You've suggested the 14th, I believe.

AN HON. MEMBER: That's Wednesday, Alex.

MR. HAWKESWORTH: Thursday would be easier for me.

MR. CHAIRMAN: How about other members?

MR. NELSON: The 14th is easier for me.

MR. HERON: The 14th.

MR. CHAIRMAN: Is the 14th a total impossibility for you?

MR. HAWKESWORTH: Would you be willing to book off the full day?

MR. CHAIRMAN: What I would propose is meeting on the morning of the 14th, and perhaps we can bring lunch in. I don't think it will take an awful lot of time.

MR. R. SPEAKER: I've got a constituency meeting at night on the 14th, so it would be tough for me to come up.

MR. CHAIRMAN: I would think that we should be able to do it in a couple of hours, even allowing 30 seconds for debate. We could move it to 9 o'clock, if that helps.

MR. R. MOORE: Nine o'clock might be an idea.

MR. HAWKESWORTH: I'd still have to cancel

the same appointments, whether it's 9 o'clock or 10.

MR. HERON: Have you decided whether you're going to have any discussion at all, because I think it will have some bearing if we meet in the morning and . . .

MR. McEACHERN: He said thirty seconds.

MR. HERON: Thirty seconds?

MR. CHAIRMAN: That allows for a total of 35 minutes of discussion.

MR. McEACHERN: A couple of points. First, are you saying that you've given up on trying to get either the Treasurer or the Premier back?

MR. CHAIRMAN: No. I'll still try the Treasurer for tomorrow or Thursday. Even though it's a reading day, if the Treasurer says, "I can be here Thursday," then I would hope the committee would agree to come in for that.

MR. McEACHERN: And another point. Bill was saying he didn't want to hear the same arguments again, but if one is going to speak for 30 seconds, you basically hit one or two of the main reasons.

MR. PAYNE: No problem with that.

MR. McEACHERN: Yes. It's not a lot of elaboration.

AN HON. MEMBER: Take away your gramophone needle, Alex.

MR. McEACHERN: The other thing I'm wondering about is some kind of mechanism for some of us who have similar resolutions. Should we try getting together here or something like that?

MR. CHAIRMAN: With Thursday being a reading day, I would think that will be an opportunity, and then you have a week between . . .

MR. McEACHERN: I know. But to phone Mr. Gogo down in Lethbridge is a long way to sort of try to negotiate between your fellow . . .[interjection] Pardon?

MR. GOGO: Not with you, Alex. That's not a problem.

MR. McEACHERN: It'll cost you a fortune if I phone collect. [laughter]

MR. GOGO: I'm there Thursday.

MR. McEACHERN: Why don't we set Thursday morning for some of that sort of stuff then? If some of us who have similar [recommendations] could come in at 10 o'clock Thursday morning and sit down around this table . . .

MR. CHAIRMAN: As I said, I think we had agreed that it would take up too much time to try to discuss that over this table.

MR. McEACHERN: I meant in small groups. I didn't mean in a formal sort of way.

MR. CHAIRMAN: I would think that we would be finished tomorrow morning, so if some of you want to stay or make arrangements for tomorrow afternoon . . .

MR. McEACHERN: Okay. Let's talk about it tomorrow.

MR. CHAIRMAN: Any further discussion at this time? If not, then a motion to adjourn until tomorrow morning at 10.

[The committee adjourned at 3:46 p.m.]