

[Chairman: Mr. Oldring]

[10:02 a.m.]

MR. CHAIRMAN: Good morning, everyone. We'll call the meeting to order.

Just a quick outline for you of this morning's events. We're going to start by extending an opportunity again for members to read into the record any recommendations that they've brought this morning. We'll follow that with discussion on the eight recommendations that were submitted yesterday. At 11 o'clock the Associate Minister of Agriculture, the Hon. Shirley Cripps, has agreed to reappear before the committee for a few additional questions that we didn't have a chance to ask during her last appearance.

So on that note I'll recognize the Member for Lethbridge-West, followed by the Member for Stony Plain, followed by Calgary-Mountain View.

MR. GOGO: Thank you, Mr. Chairman. I would like to move a recommendation that's been given to Mrs. Quinn for distribution. This is essentially a repeat of a recommendation I made last year which was adopted by the committee, and it goes as follows:

That the equity position of the commercial investment division be increased by purchasing more common stocks in Canadian corporations.

Mr. Chairman, as members are aware, on page 42 of the annual report, which is the commercial investment division, some of the greatest return we've had -- and we've heard constant criticism that the fund doesn't maintain itself with inflation, particularly with regard to the fact that the fund has been capped. I think it's more important than ever that we increase our holdings of the fund in equity investments for long-term growth in the form of common stock investment, and that is the reason I'm introducing this recommendation.

MR. CHAIRMAN: Thank you.
The Member for Stony Plain.

MR. HERON: Thank you, Mr. Chairman. Very briefly, I think that water control and management in our province is a very, very important feature and that we can really add to our tourism potential and the quality of the lakes. Therefore, I'm making the following recommendation:

That the Minister of the Environment consider a water control and preservation program for the Sturgeon River, thereby enhancing the quality and water levels of several Alberta recreational lakes. This project should be considered as an appropriate expenditure of the capital projects division if, as, and when funding is available. This project will endeavour to enhance the tourism potential, farming, lake quality, and water control.

MR. CHAIRMAN: Thank you.
The Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. The recommendation I'd like to read into the record is that the Provincial Treasurer provide to the standing committee detailed accounts of expenditures under the Alberta Heritage Savings Trust Fund in the same format and with the same detail as accounts are provided to the Public Accounts Committee for expenditures from the General Revenue Fund.

I raised with the Minister of Recreation and Parks earlier when he was here that in going through the supplementary volume of Public Accounts, it was impossible to determine which expenditures under the capital projects division fit in his department or

any other department. As well, it would provide us information of expenditures that might occur under any other division in addition to the capital projects division. So it's a means of providing further detail and information to the committee. That's the reason I'm bringing forth this recommendation.

Thank you.

MR. R. SPEAKER: Mr. Chairman, my typed copy will be here shortly, and copies for all the members will be available. The resolution:

That the integrity of the Heritage Savings Trust Fund be maintained as follows:

- (a) the government shall not decrease the value of the fund in its efforts to balance the general budget by transferring realized assets, as set out on page 31 of the 1986-87 report, to the General Revenue Fund, and
- (b) That government shall seek to retain fund earnings in the fund while maintaining efforts to balance the general revenue budget.

The resolution follows my questioning of the Provincial Treasurer with regards to this matter. It was rather unclear as to what was going to happen in terms of the Heritage Savings Trust Fund and the pursuit of balancing the general revenue budget. So what I'm recommending in this resolution is some direction to the Provincial Treasurer that as a committee we would want to maintain the fund with its assets, both as assets and deemed assets.

I raised section (b) in there, that we "shall seek to retain fund earnings" -- now, I say "seek" in the sense that all of those earnings presently under the policy are transferred to the General Revenue Fund. But I feel there should be some type of pursuit that occurs there that takes into consideration at minimum the inflation factor which faces just about every one of the programs in the Heritage Savings Trust Fund. Maybe some of the earnings could be left, so they could take that matter into consideration. We as a committee would also be saying to the government that as we move forward and the general revenue situation improves for the government, this matter of the actual earnings would be retained by the fund at a later date.

That's the explanation of the resolution.

MR. CHAIRMAN: Thank you.

Any further recommendations at this time? If not, we're now up to 12 recommendations. I'd open the floor, then, for discussion on recommendations submitted yesterday. We would begin with recommendation 1, moved by the Member for Lethbridge-West.

MR. GOGO: Thank you, Mr. Chairman. We in Alberta, it seems to me, have been through some very difficult times in terms of our economy. In many people's views, we're still in the midst of it. Much of that, recalling discussions and comments by the provincial Minister of Labour prior to introduction of Bill 60, was the tremendous loss of productivity we had due to strike action, which is a conundrum. A strike implies no work, yet action somehow implies action. I have some difficulty, but let's say "work stoppage."

I've long felt that there is perhaps a great degree of productivity lost with regard to sick time. I know that in the master agreement, dealing just with the public service, there are 10 days a year allotted for sick time. I think that's fine; I think that's recognition by those who are parties to the collective agreement that that's just and fair. However, my information, Mr. Chairman, is that much of this occurs on Mondays and

Fridays, and I've asked several departments if they could detail for me -- and this is casual sick time, not long-term sick time -- how accurate that is. It's like the spontaneous demonstration last year that was postponed until 11 o'clock. I think sick time is in a similar category. Many people, as a matter of convenience, are taking off, say, Mondays and Fridays. That's their business, because that's within the agreement. I'm not arguing with that. But I think the reason they do it is that there's no incentive to do otherwise. In other words, you cannot accumulate sick time and have 10 days at once. It's 10 days a year; you can't accumulate it over to the next year.

My view is that we should be offering some type of incentive. In other words, if people say, "I want to take it because it's there," I think we should be looking at ways to develop an incentive: those who don't want to take it out are rewarded in some way for not taking that sick time off. For example, it would seem to me that if you didn't utilize any of the 10 sick days in the year -- I'm just talking now about the master agreement of the Alberta public service -- why couldn't they receive 25 percent of that, or two days or two and a half days, in the form of increased holiday time. There would be no additional cost to the people of Alberta, because there would be no additional wages paid.

So for that reason, Mr. Chairman, I would like to see Mr. Dinning's occupational health and safety research selection committee encourage a study, first of all, as to the types of illness experienced by these people and, secondly, recommend ways, perhaps through some type of research, of incentives for those members of the public service who don't wish to take off that sick time as a matter of convenience. I'm not bad-mouthing the civil service; they are very dedicated people. I do know that many people say, "Hey, I'm entitled to it, so I'm going to take it." So I'd like to see them come up with ways of finding incentives that exist, perhaps in industry, and I'm sure there have got to be examples. The one I simply suggest is an increase in holiday time of, say, one day per the 10, or two days or whatever, in the form of holidays, thereby not costing Albertans any more money.

With that, Mr. Chairman, there are my reasons for motion 1.

MR. CHAIRMAN: Thank you.

The Member for Lloydminster, followed by the Member for Edmonton-Kingsway, followed by Calgary-Buffalo.

MR. CHERRY: Thanks, Mr. Chairman. I just want to endorse what the Member for Lethbridge-West has said. I think that, not in all cases but in a number of cases, just as the member has said, people do take advantage of whatever the number of days of sick leave are per year. I know a case in point is in the private sector, where they reward you for being on the job. I believe, as the Member for Lethbridge-West has said, that there could be an incentive in that there are one or two days added to the holiday time. I think that most of the people would be very, very receptive to it. I'm sure, knowing from experience in the private sector, that the downtime is cut severely.

Just with those few comments, Mr. Chairman, I would wholeheartedly support the recommendation of the Member for Lethbridge-West.

MR. CHAIRMAN: Thank you.

The Member for Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Chairman. Just a few

comments. I'm not quite sure why the Member for Lethbridge-West chose to start talking about strike time. It certainly has nothing to do with his resolution as it was put forward, and I hope it doesn't confuse the issue. I think we all know that the number of hours lost according to strike time is a lot, lot less than the number of hours lost because of sick time.

The other thing is that he's starting to suggest a solution before his study has even taken place. It's not that I don't agree that the solution has some merit certainly: the idea that there should be some kind of reward for those that don't, in a sense, abuse, if one can use that word, the sick time allowed. I mean, we know that the sick time is meant to be for sick time.

In defence of the worker, I would like to say that there may be a good reason why Monday and Friday would be the high sick days. Times of change or times of stress: the Monday morning syndrome is a fairly well-known phenomenon. Some people have a really difficult time getting started on a Monday after a two-day break from a job. There may be good psychological and fairly good reasons why that is a high sick time. As to Friday, many jobs are highly stressed in this society at this time, and by Friday many people do need a day off, or if they don't get it they're not going to be ready to go back to work on Monday. There may be good reasons why this happens, so perhaps a study is really in order.

If we must talk of solutions, I hope it certainly does have some kind of incentive built into it to reward people who are able to stay on the job, and we work that out that way instead of maybe some kind of punitive way. It seems to me that too often we think in terms of incentives being something that apply only to entrepreneurs that are trying to make a buck and not to a worker that's got a job to do every day. So in that sense, those comments I agree with.

MR. CHAIRMAN: Thank you.

The Member for Calgary-Buffalo, followed by the Member for Calgary-McCall.

MR. CHUMIR: Thank you, Mr. Chairman. It's with some reluctance that I differ with the hon. member in his recommendation, notwithstanding the fact that I understand his concern about the matter at issue. It's something that I think has to be addressed, but my perception is that the occupational health and safety research program is to study labour and health issues. This is very clearly a labour relations matter, and I would very reluctantly see money taken from the health and safety pot and put into a labour relations pot. I say that in particular keeping in mind that this is something that the government should be addressing on a day-to-day basis in dealing with these problems. I'm shocked to hear that they aren't dealing with it but not surprised. If they haven't got a program to deal with that, they should get one pronto because it's an obvious kind of problem.

MR. NELSON: Mr. Chairman, just very briefly. First of all, I'm certainly not here to discuss whether Monday is a psychologically stressful day to get up and go to work or that Friday is the same thing. I think this is what the Member for Lethbridge-West is trying to achieve by suggesting that the occupational health and safety research section of the Heritage Savings Trust Fund moneys that are set aside for research is to find out. I guess I'm a little disturbed that it's found necessary to put a motion of this nature forward. As the Member for Calgary-Buffalo has indicated, it should be an ongoing thing to examine ways and means to make our system more productive

with the resources that are available, to endeavour to find reasons for people being away.

Setting that aside, however, and being the case that it's not, and also to suggest that the thoughts here are basically a labour relations situation, I'm not sure that that's a fair assessment. First of all, any type of legitimate absenteeism from a job is obviously because of illness or some particular matter that may be of some concern to the particular person that is absent, whether it be through stress, through a family illness, or for some other reason. I guess in doing a job evaluation and doing an evaluation of reasons why people are away, the thoughts here are reasonable considering the amount of absenteeism that does go on in industry. A number of years ago when I had a management position with a very large corporation, I did some work on this very issue. I solved the problem. I won't tell you how I solved it because the manner in which it was solved was certainly a very aggressive approach to the situation, and it is solvable. It's not solvable maybe in the manner that labour relations are well served in the manner in which it was done, but certainly it is solvable.

In any event, I would certainly support the view of obtaining information on ways and means of finding reasons for people having to find themselves away from their jobs, and offering incentives. I've always been an advocate of incentives in any event, whether they be in industry or government, because I think it does create a much more harmonious atmosphere, a much more productive atmosphere, at an appropriately less cost not only to private industry but certainly with appropriately less cost probably to the taxpayers of this province, who are the people who are paying the freight. It's usually the middle-income guy who is paying the larger share of that freight, and I hope we don't forget that.

So with this type of a motion and with the moneys that are available, certainly I see no reason not to support it. There are certain qualifications that may ultimately be made with regard to it, maybe even an amendment to the motion in some way, but certainly my initial reaction is very positive.

MR. CHAIRMAN: Thank you.

Any further discussion, then, on recommendation 1? Does the Member for Lethbridge-West want to conclude?

MR. GOGO: Well, yes, if I may. I appreciate the support of the members who have spoken, Mr. Chairman. I simply want to point out that the reality is that there's now a collective agreement in place. That agreement provides for 10 days' sick time a year under the master agreement with government employees. I would agree that probably, as the Member for Calgary-Buffalo has commented, that's something the government should be doing all the time. We've got 23 or 24 government departments. I don't see it being done.

I do believe the role of Occupational Health and Safety is primarily prevention, and I can't think of a better way of determining something that's preventable than doing a study on it. Having said that, however, I find small comfort in determining the reasons for the illness without perhaps coming up with some recommendations on how to prevent that happening by offering incentives. Now, that may appear to be a conflict: what on earth does Occupational Health and Safety have to do with determining incentives? I recognize that. But I'm of the view very firmly, Mr. Chairman, that when someone takes a day off only because it's available, it could be very disruptive to another three or four people they work with, but I understand them tak-

ing the day off. So if we can come up with (a) the reason for it, and then (b) offer them some type of incentive, we might just see a very dramatic change in terms of productivity of people in this province.

Thank you.

MR. CHAIRMAN: Thank you.

Moving on, then, to recommendation 2, I would recognize the Member for Lacombe.

MR. R. MOORE: Thanks, Mr. Chairman. In all the programs we have funded from the fund, a great number have ongoing goals that have to be met. Now, we've launched these programs, and they're tremendous programs. As you start a program -- and I'll use the medical research foundation, an excellent one, one of the best examples we can have. They see additional costs coming up that have to be met. We'll go on to other ones: ADC; irrigation is another one that's very important to southern Alberta. There are these ongoing demands for further funding beyond what they have received.

We also know, Mr. Chairman, that we have now stopped the flow of revenue into the heritage trust fund temporarily, until the economic situation improves. I think it's only a responsible approach to not consider new projects now but to carry on and maintain those ones we have that are serving Alberta so well in every facet of life. I feel we would be irresponsible as a committee to be looking at additional new programs. So I think at this time, until the flow of revenue is coming back into the fund from the oil royalties, we should put a hold on it. Hopefully it won't be too long until that revenue comes back in, that next year when we come back the revenue is starting to come back in and we would consider new projects at that time. But for the interim I believe we should just look at the projects we have, make sure they're maintained and growing to their potential.

MR. CHAIRMAN: Thank you.

The Member for Calgary-Buffalo.

MR. CHUMIR: Yes. I would agree with the first portion of this recommendation, up to the end of the word "projects." It would then read "that a hold be put on further new capital projects." I would be inclined to delete the subsequent words: "until such time that oil royalty revenue is again flowing into the fund." The reason why I say this is twofold. First of all, that the hold be put on because I think it's time to reassess the goals and direction the fund is taking. I have some doubts and expressed these in the committee last year, when I suggested that we redirect the committee more clearly towards its original foundations of savings and diversification of our economy. I think capital projects should be considered as part of the normal expenditures of the government through the General Revenue Fund.

The deletion of that portion of the resolution that refers to oil revenue again flowing into the fund I propose because it makes the assumption that that is the direction we will ultimately be going in the future. That may or may not be the case. I don't necessarily disagree with it, but I do believe that we need a total review of how we're going to be treating the heritage trust fund in terms of consultation with the public, public hearings. It's just that that addition to the resolution presupposes where we might go. So it's not that it's wrong in itself, but I would prefer to be a little bit more ambivalent about where we're going at this stage.

Now, I don't know whether it would be appropriate to propose an amendment deleting those particular words. Would that be your suggestion, that I make a futile amendment to that end?

MR. CHAIRMAN: I think it's in order to propose an amendment at the time that we're going to vote on recommendations, and you might want to consider it at that point.

MR. CHUMIR: Okay. Thank you.

MR. CHAIRMAN: The Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. I take it that this is an opportunity to kind of get clarification of members' intent and sort of an overview of what's behind the recommendation and so on. So I guess mine is more a question than a statement that I'd like the member to respond to. A superficial reading of both recommendation 2 and recommendation 3, put forward by the same member -- recommendation 3 is to expand the mandate of AOSTRA, and it would seem to me, at least on a cursory reading of it, to be proposing a new capital project. So the two recommendations taken together would suggest a bit of a contradiction. I'm sure that's not the intention of the member, and I'd appreciate it if he'd take a few minutes to perhaps comment on that.

MR. CHAIRMAN: Perhaps in his concluding comments.

Any further discussion on recommendation 2 by any other members? If not, the Chair would recognize the Member for Lacombe.

MR. R. MOORE: Well, I have to agree with the first member's statement that a review of the heritage trust fund is in order. I think that this period of time when we have a hold on is an excellent time to do it. It doesn't necessarily have to be part of this. During a hold period, when you aren't going into new projects, is a good time to review. He brings up an excellent point, that review is necessary, and I think any program from time to time should have an in-depth review. So I have no problem with reviewing the heritage trust fund and its objectives.

Secondly, the other one, I find it hard to see that there is basically an inconsistency here. AOSTRA has lots of money. They're funding it. I'm saying: add it to their mandate and they utilize the funds they have now as part of an ongoing project.

To look at the second one, if I could I'll go right into the second one now.

MR. CHAIRMAN: We'll move on, then, to recommendation 3.

MR. R. MOORE: I made this recommendation, Mr. Chairman, because in Alberta we have a vast amount of coal resources. I don't know how it compares to the oil sands, but I would say that it's right up there with the oil sands in quantity. All through central and southern Alberta and in northern Alberta, there are immense fields of coal which are lying idle there now. They're lying idle because of economics. A lot of them are too deep to mine or harvest, if you want to call it, or reap the benefits by our present methods. Other ones that we are going into, strip mining especially, even with our environmental controls, disturb the environment. We have brought in very strict environmental controls to restore that, bring that land back into production. However, it's not what we as any Albertan would like to have if we had any other way of doing it. We can protect the environ-

ment to the extent that we compromise that because we need that coal that's being strip-mined out. So we should look at other ways of getting that coal up here and the energy out of it -- well, the energy from it; not getting the coal up necessarily.

I say that we should look at underground gasification. There are concepts around the world; in some of them, they light these fields on fire and transfer that energy to the surface. But with our technological advances we should be on top of it to find ways and means of bringing that energy to the surface without disturbing the surface, and allowing us to go down to greater depths that conventional mining can't touch. We have tremendous resources down at those levels, but the economics are against it. So if we are putting so much effort on our oil sands for future energy use, then we should equally look at the coal -- because that natural resource is sitting there the same as the oil sands -- and bring it along, because eventually we're going to have to make some use of that coal. And I'd like to do it without disturbing the surface, within the economics of it, so it doesn't bring our cost of living up and so on, so that we can bring a cheap source of energy to bear here within the province to serve the citizens of Alberta.

MR. CHAIRMAN: Thank you.

Any further discussion, then, on recommendation 3? Such a thorough explanation by the Member for Lacombe that there's no need to discuss it any further.

We'll then move on to recommendation 5. We'll have to come back to recommendation 4. It has been the policy of this committee that if the member who has made the recommendation is not present at the time it comes up for discussion, we postpone discussion until that member is in attendance. Recommendation 5 then. The Chair would recognize the Member for Cypress-Redcliff.

MR. HYLAND: Mr. Chairman, I think recommendation 5 is very much self-explanatory when we read the transcript of the request by Mr. Geddes, chairman of the Heritage Foundation for Medical Research. About a third of the way into his appearance before us, he specifically asked, going along with section 24(5) of the Alberta Heritage Foundation for Medical Research Act, that now that the triennial report has been received, we go ahead with the review on how the fund would relate to the adequacy of carrying on their mandate over the next number of years. I would suggest that we consider that and proceed with a recommendation. I think that would indeed tell us if the suggestion of the \$50 million additional number that was thrown around, additional funding, would accomplish the end or not.

MR. CHAIRMAN: Member for Calgary-McCall.

MR. NELSON: Mr. Chairman, I'd like to have some qualification on this insofar as the examination of the foundation for medical research, insofar as who it might be suggested does this examination or review of their fund and makes a recommendation through to the Heritage Savings Trust Fund committee, through to the minister responsible. Would it be the thought of the member that the fund committee be the tool to examine this endowment fund, or an outside agency? How is it proposed that this be examined so that it's done in an objective fashion, rather than use the emotion of the day? Considering the fact that the foundation has developed two large structures -- and I don't even know if that was in their mandate initially. They've expended moneys that were initially to be placed into research and

not necessarily for the development of large buildings, and I think we've had that discussion before, over the years.

So I'm a little concerned about how we might do this, and certainly that we may even consider additional funding that may be used for purposes other than the original intent of the particular fund that was set up as an endowment to that organization.

MR. CHAIRMAN: Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. I understand the Act requires us to carry out this job, but I was wondering if that triennial report has been filed and copies have been discovered. I haven't received one yet, to my knowledge. Could you fill us in on where that might be at the present time?

MR. CHAIRMAN: I think that was brought up, if I'm not mistaken, at the time Mr. Geddes and Dr. McLeod were here. I don't know if that report has been tabled or not in the Legislature at this time.

MR. HYLAND: I'm sure I've seen a copy of it and read parts of it. It came in, oh, about two or three months before the fall session, Bob, midsummer.

MR. GOGO: Perhaps Mrs. Quinn could simply phone 2580 and they will have the date it was tabled in the House. Surely it's not difficult to produce it for the hon. members of the committee.

MR. CHAIRMAN: We can certainly have the committee secretary follow up on that, and with Mr. Geddes and Dr. McLeod coming back next week, if we can't arrange copies prior to then, perhaps we can have them bring them when they come.

Any further discussion, then, on recommendation 5? The Member for Calgary-Mountain View.

MR. HAWKESWORTH: I think it's an important recommendation, and I'm pleased that the member has brought it forward. Could we have some discussion? I don't now whether anybody is in a position today to sort of talk about what that process might be, when it might be undertaken, and how it would be undertaken by the committee. But perhaps the member could give us a few particular comments on how he envisions the committee doing that review and whether we'd be having witnesses . . .

MR. McEACHERN: An all-party committee or what?

MR. HAWKESWORTH: No, it would be the committee, but whether there'd be witnesses and just how we would proceed with that.

MR. CHAIRMAN: Perhaps the committee might find it helpful to delay further debate on this particular motion at this time until we've heard again from Mr. Geddes and Dr. McLeod. I'm sure they could add some additional information as it pertains to this specific recommendation, and we could come back to it after that if the committee and the Member for Cypress-Redcliff are in agreement.

MR. HYLAND: Mr. Chairman, that's fine. I could briefly answer some of the initial comments of how it was worded if . . .

MR. CHAIRMAN: Perhaps if the Member for Cypress-Redcliff is in a position, we can proceed.

MR. HYLAND: I should say I specifically worded the recommendation in that manner to generate debate on how the review should take place and who should do the review. I didn't want to presuppose who should do that review. In answer to the members for Calgary-Mountain View and Calgary-McCall, it was purposely done that way to generate debate, and then at that time we could decide how the review should take place and, indeed, who should do it.

MR. CHAIRMAN: Thank you.

The Member for Edmonton-Kingsway.

MR. McEACHERN: More just a procedural thing. I was hoping you weren't sort of implying that if we debated this now, we wouldn't get to debate it again later. It would seem to me that there will be a point when we might want to come back to a number of these, maybe not just this one.

MR. CHAIRMAN: Well, certainly the process that was followed last year -- and I understand in previous years, but speaking solely for last year -- is that we debated each of the recommendations, and once the debate had concluded, we brought forward the recommendations solely to vote on them. I don't recall going back and forth and reopening discussion on each of the debates. What we've been doing this morning is extending an opportunity to the movers of the various recommendations to conclude debate and discussion. But, again, I'm at the discretion and the direction of the committee.

MR. McEACHERN: I wonder if we could use that as a general rule of thumb but without making it so hard and fast. Certainly this one should come back, obviously. If perhaps one read the notes, which I didn't -- I wasn't here for the debate on, say, 2 and 3, for example -- if there was something burning that I felt I had to say, at some point I should be able to put that on the record, as an example.

MR. CHAIRMAN: The chairman will certainly take that under advisement and will show some discretion there if it's agreeable to the committee members. I just wouldn't want to reach a point where we have to go through the process of redebating all the recommendations again.

Okay. Any further discussion, then, on recommendation 5? If not, we'll move on to recommendation 6, and the Chair would recognize the Member for Lethbridge-West.

MR. GOGO: Thank you, Mr. Chairman. Number 6: that as the fund3

has now been in existence for 11 years, that the government of Alberta consult with business, labour, and the general public as to the goals and objectives of the fund for the next 10 years [or next decade].

Mr. Chairman, three members of this present committee were members of this House back in May 1976, when the heritage fund was established. I'd simply like to remind members of the gist of the then Premier's comments which were in the preamble to the Bill:

WHEREAS substantial revenue is being received by the Government from the sale of non-renewable resources owned by the people of Alberta; and
WHEREAS there is a limited supply of [those] resources

and . . .

WHEREAS it would be improvident to spend all that revenue as it is received; and

WHEREAS the Legislature of Alberta considers it appropriate that a substantial portion of that . . . be set aside and invested for the benefit of the people of Alberta in future years.

We then went on to enact a statute known as the Alberta Heritage Savings Trust Fund Act. Since then, Mr. Chairman, as members are aware, each year we would have to introduce a Bill in the House specifying how much of that revenue from non-renewable resources would be contributed to the fund. It was 30 percent for some years, then reduced to 15 percent, and now the fund is capped.

Well, I submit that when one looks at the five divisions of the fund -- that is, the capital projects division, which is for social and economic benefit but at a nondollar return to Albertans, and then the investment portions of the fund: the Canada investment division, the Alberta investment division, the energy investment division, and finally the commercial investment division -- they are important, no question, because it produces, according to the Treasurer, the equivalent of a 7 percent sales tax, or some \$1.4 billion to \$1.5 billion.

I submit, however, Mr. Chairman, that things have changed over the past 11 years. Government has access to all types of investment advice; I don't quarrel with that. The former minister of forestry at that time, Dr. Warrack, has submitted a paper; Mr. Ray Speaker's previous caucus had commissioned a study. There has been much information received, and I think it's time, as we are about to enter the '90s, that we reassess, re-evaluate, the whole purpose of the fund. This is not meant in any way to be critical of the Heritage Savings Trust Fund. But I do believe there are many Albertans who are really questioning the direction the fund has taken, and I can't think of a better way to resolve this, Mr. Chairman and members of the committee, than to have the government consult with the players in the game -- that is; business, labour, and the general public -- to redetermine the goals and objectives of the Heritage Savings Trust Fund.

So on that basis, Mr. Chairman, I would recommend to the committee that this committee once again endorse this type of resolution to the government of Alberta for consideration.

MR. CHAIRMAN: Thank you.

Member for Calgary-Buffalo.

MR. CHUMIR: Thank you, Mr. Chairman. I agree with the as ever sensible thrust of the comments by the Member for Lethbridge-West. Last year we Liberals made a recommendation along the same lines proposing public hearings. I will have another recommendation to that end, which I will lay prostrate on the table before this committee again. I could, however, very easily go along with this recommendation with the addition of a proviso that the review include that public hearings be held to provide for maximum input from and education of Albertans.

MR. CHAIRMAN: Thank you.

Member for Edmonton-Kingsway.

MR. McEACHERN: Well, Mr. Chairman, of course we also put forward a very comprehensive set of proposals for public hearings: a full review of the fund, first, by professional consultants, and then a review process, a public hearings process throughout the province. So, of course, one is in favour of consultation. While this resolution wasn't adequate for the type of review and public hearings that we had in mind, nonetheless the

government didn't even do that much.

I think it's totally scandalous, considering the incredible difference between the fact that we had surplus revenues for the first 10 years and we do not have surplus revenues now, that they haven't stopped and taken a second look at where they're going. I suppose an alternative -- since they seem reluctant to ask the public what they think, then maybe at least the cabinet, the investment committee of the heritage trust fund, should come up with some kind of a plan. If they already know the answers without having public input, then they should at least come up with some kind of a plan about what they intend to do with the heritage trust fund for the next year and submit that either to this committee or maybe even to the Assembly, and have it discussed much the way a budget is.

Certainly the thrust is in the right direction, and you'll find me supporting this resolution, I think.

MR. CHAIRMAN: Thank you.

Any further discussion on recommendation 6? If not, then we'll move on to recommendation 7. I would recognize the Member for Lloydminster.

MR. CHERRY: Thank you, Mr. Chairman. If I may, I just would like to read my recommendation:

That when funding is available, the government consider an ongoing urban parks program to include villages and towns in a scaled-down version of the previous urban parks program.

Mr. Chairman, first of all, I think that one of the greatest ways that the government spent some of the money out of the heritage fund was in the urban parks program. I know that you yourself have an urban park in Red Deer, and we also are able to enjoy an urban park in Lloydminster. I think it's just a great way for the citizens of Alberta to be able to enjoy some of the benefits from this fund.

As we know, there were five urban parks created. My recommendation is that if the funds are available, other parks could be included in a smaller, scaled-down version of that. I think, for example, the urban park in Lloydminster was probably the lowest; I think it was around \$8.5 million. I think we should look at ways in which the villages or towns can have something of that nature on a scaled-down version so that when the money is available, or if the money is available, we can go back to the table and look, and try and put a program in place that may enhance the areas of the towns and villages.

MR. CHAIRMAN: Thank you.

Any further discussion on recommendation 7? The Member for Cypress-Redcliff, followed by the Member for Lethbridge-West, followed by the Member for Calgary-Buffalo.

MR. HYLAND: Thank you, Mr. Chairman. Speaking as a member who doesn't have an urban park in his constituency but is very close to the adjacent one in Medicine Hat, some of the problems that were caused with the urban parks -- and maybe my situation, Redcliff being as close as it is to Medicine Hat, is unique. Medicine Hat has got their river valley developed quite nicely for a park; we saw some of the pictures of it the other day. Part of the north bank of the river is in the town of Redcliff. That portion, which is just as nice a portion of the river valley as any, was not able to be developed because it was outside the corporate boundaries of the city of Medicine Hat. I think the program needed flexibility, which it didn't have, and that's passed now.

But in this manner, the cities have had an urban parks program: the two major cities under one and then smaller cities elsewhere. We have the major grant that is in existence now and talked about the \$100,000 capital and the \$25,000 operational for recreation areas. I think that the original intention was for recreation areas mostly outside villages and towns, and then it was changed to include them. In this case, I think if we had this strictly for villages, towns, and smaller cities, we would find that it would kind of balance off what those in the larger centres have had in the way of park development and those in the smaller centres who didn't have park development or paid for it totally on their own and out of their own operations.

MR. GOGO: Mr. Chairman, I guess I really have a question regarding Mr. Cherry's number 7. I don't see it being in conflict with number 2 from the Member for Lacombe. I guess really my question is . . . I have some difficulty -- and maybe Mr. Cherry can answer this -- determining the difference between the MRTA and a scaled-down version of the completed urban parks program. I had thought that MRTA was the rural counterpart of the urban park program. Perhaps Mr. Cherry could explain to the committee what that difference is, because if we have MRTA now -- and I look at the budget of Mr. Weiss, who has been before this committee -- in terms of the operating funds, out of a total of \$111 million, there's \$58 million for recreation development. Part of that spills over into provincial parks at \$33 million, not to mention the Kananaskis vote.

So, Mr. Chairman, just for clarification and not taking a position on the motion, I'd like to know the difference between MRTA as it exists and Mr. Cherry's definition of a scaled-down version of the urban park.

MR. CHAIRMAN: Any further discussion before I . . . Oh, sorry; Calgary-Buffalo, and then I'll allow the Member for Lloydminster to respond to the concerns raised.

MR. CHUMIR: I find myself having difficulty with this resolution only from the perspective of its suggestion that the heritage trust fund be used to this end. I agree with the need for an active parks program not only in cities but in our villages and towns. Parks provide a legacy for the future, and I think it speaks well for us that we consider posterity.

But my general view is that expenditures of that nature should come from general revenues. It provides an element of budget discipline. I think we've gotten into the habit of thinking that we're not dealing with real money insofar as the heritage trust fund is concerned. I think that's been an error, and now that we've come to more difficult economic times, I think we should look back and reflect upon that error and try and establish some real discipline, because good times don't go on forever. The heritage fund should be refocused on savings for the future and aspects and projects that will create wealth for us, particularly in the form of diversification.

So the sentiments I agree with; the use of the heritage trust fund as the solution I have great doubts about. But I'm prepared to listen to contrary views.

MR. CHAIRMAN: Any further discussion? If not, then I'll allow the Member for Lloydminster to sum up.

MR. CHERRY: Well, thanks, Mr. Chairman. I guess the MRTA program is for rural Alberta and is very, very close to what my recommendation is, except that what I was trying to

target into was: in the towns and the villages I'm sure the MRTA program covers that, but in my estimation the MRTA program covers more the area. For example, if you had a town that was a good applicant for a small urban park, then I think they should qualify under the urban parks rather than the MRTA and let the MRTA program go out more into the rural recreational areas sort of thing.

MR. CHAIRMAN: Thank you. In light of the hour, I think perhaps rather than getting into discussions on recommendation 8 -- the minister will be joining us momentarily, so perhaps we can hold that over now, until tomorrow morning.

MR. HERON: Mr. Chairman, I'm prepared to discuss it until she does get here if you want to.

MR. CHAIRMAN: Maybe we can just check and see if the minister isn't here already, and then perhaps go on from there.

MR. McEACHERN: Why don't we take a two-minute break to get our thinking oriented toward the Agriculture minister?

MR. CHAIRMAN: Okay. Maybe we can stand adjourned just for a quick two- or three-minute break.

[The committee recessed from 10:59 a.m. to 11:06 a.m.]

MR. CHAIRMAN: We'll call the meeting back to order if we can, please. I want to begin by welcoming the Associate Minister of Agriculture back to the Heritage Savings Trust Fund Select Committee. We appreciate, Madam Minister, that you were able to accommodate the committee on such short notice, and we know it's because of the great deal of empathy you have for this committee, having been a former member. So we do appreciate you being with us again. Hopefully, we won't have to keep you here too long. There were a couple of people left that did want to ask just a few more questions, so perhaps we can begin by recognizing the Member for Edmonton-Kingsway.

MRS. CRIPPS: Before you ask, I recognize that the questions you really wanted to ask were on irrigation and Farming for the Future, but since the minister can't be here to answer them, you'll condescend to ask questions on ADC.

MR. McEACHERN: Thank you, Mr. Chairman, and thank you for coming back to the Associate Minister of Agriculture. I wish the minister had also come, because I had a couple of questions that were more specifically in his area.

The two programs, the ADC of loans to farmers and the farm credit stability program, make government money available to farmers, and I believe the farmers pay 9 percent. Now, under the FCSP, the bank also gets a 2.375 percent administration fee, and I guess the question I'm trying to get at is -- I'm not sure if the minister would have an answer for me -- what is it about those programs that makes it so that banks seem to want to use government money for them rather than their own money? You might remember that when I asked you a year ago if there was any government money in the farm credit stability program, you said no, and I think that was probably true at that time. But since then over a billion dollars, probably most of the \$1.6 billion, is into that program, and it would indicate to me that the banks seem somewhat reluctant to put up their own money under the program, which they certainly have the right to do, and

that therefore the government has had to step in. I'm not saying it isn't a reasonable use of government funds, but I'm wondering why or what's the reason the banks seem reluctant and would seem like they would rather just administer government money.

MRS. CRIPPS: Well, I certainly can't answer your question on behalf of the banking community, but from the government perspective, the government developed the farm credit stability program, which was to ensure that the agricultural sector, the farmers in particular, had long-term money at a fixed interest rate. In order to ensure that that long-term money was there at a fixed interest rate, they developed an agreement with the banking industry. Part of that agreement was that they would put money on deposit to ensure that the credit was there on long terms. Now again, I don't want to answer for the banking community, but I would assume that the interest rate probably reflects the interest rate the banks must get or lend the money for.

MR. McEACHERN: In other words, it's possible that the banks can get 10 or 11 percent for that length of term money. The loans seem to be, if I remember something the Auditor said, in the neighbourhood of one year to three years, or a lot of them are. You know, not that many I don't think are in the 10-year and 20-year sort of category, although I didn't get him to specify on that. It was said in the context, just so you understand where that came from, that the money coming out of the cash and marketable securities section of the heritage trust fund into these programs, the Small Business Term Assistance Plan and the farm credit stability program, was being paid for by short-term Treasury note kinds of payments by the general revenue account back into the cash and marketable securities section, that the money was being loaned out under these two programs on the long term. For long term he just cited one year, three year, of course, sorts of programs. But one year or three year money -- 9 percent should be a good return. I mean, the Treasurer just borrowed in the States last fall at 9.25 percent seven-year money.

So I can't understand why the banks aren't willing to put their money into this program and are relying so heavily on government money, or is it the government saying that perhaps they would like to use their money and are saying to the banks, "Use our money first"? Because there is a lot in the cash and marketable securities section which the government is anxious to place.

MRS. CRIPPS: Mr. Chairman, these questions would be much better directed at the Provincial Treasurer, because frankly the farm credit stability program is not my responsibility. The deal or the putting of money on deposit is a prerogative of the Provincial Treasurer. But you said "loans", one to three years. Are you talking about the money that goes to the bank or the loans that are being made by the farmers?

MR. McEACHERN: I actually meant to the farmers.

MRS. CRIPPS: No. The majority of loans to the farmers are probably 10 years and better. They're...

MR. McEACHERN: In the farm credit stability program?

MRS. CRIPPS: Yes, in the farm credit stability program. So the loans being made to the farmers are, for the most part, long-

term loans. As I said earlier, the money is put on deposit. That's part of the agreement, as I understand it, that was developed with the banking industry.

MR. McEACHERN: I will ask the Treasurer if I get a chance. Thank you.

MR. CHAIRMAN: Thank you.
Member for Calgary-Buffalo.

MR. CHUMIR: Thank you. I suspect that the minister's response or denial of responsibility for this particular issue sounds the death knell for my question, but perhaps not. I'll ask it anyway, and in the event that it isn't within her portfolio responsibility, perhaps it's close enough to be able to obtain that information through her. It relates, of course, to the farm credit stability program. I'm wondering the degree to which we are keeping an eye on the cost of that program to the taxpayers of Alberta. My first question in that regard is whether the minister might have available current data with respect to the loss experience of the province of Alberta to date under that program.

MRS. CRIPPS: No. I don't have the actual data here, but my understanding from talking to the director of that program is that at this point we probably are virtually experiencing no losses, because the loans would only be a couple of years old and, as far as I know, there would be virtually -- now, there could be the odd account -- no losses in that program at this time.

MR. CHUMIR: Would it be possible to get just a statement about that, Madam Minister?

MRS. CRIPPS: I can check that. I can't imagine there being...

MR. CHUMIR: Well, just a bit of a written response to exactly what it is would be useful to enable us to put our harried brows at rest.

MRS. CRIPPS: One of the concerns -- and I must say that the farm credit stability program has been extremely well accepted by the agricultural community and has worked well through the banking institutions -- that has been raised in the odd case is that a farmer cannot get a loan through the farm credit stability program. One of the reasons is that the onus is on the bank to establish credit, credibility, repayment ability, and that's the number one criteria of the farm credit stability program, that there be repayment ability so that the guarantee we have in that aspect is not called upon.

MR. CHUMIR: My one sequel and related question -- perhaps if the minister doesn't have this information, it would be possible to undertake to attempt to have the information provided -- is how much has it cost the province of Alberta to date in administration and in interest subsidy costs for that farm credit stability program?

MRS. CRIPPS: Mr. Chairman, I don't have information because it's totally outside the parameters of the Heritage Savings Trust Fund Committee and review and mandate. If I'd had any idea that questions on farm credit stability were going to be asked, I would have got some information on it. But I certainly will forward your questions, which are in *Hansard*, to the

Provincial Treasurer.

MR. CHAIRMAN: Thank you.

Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman, and a welcome to the minister to be back with us this morning.

I'd just like to ask her if she could provide a bit of information that I think was provided a year ago, if my memory serves me correctly, about the number of quarter sections that have been taken over by ADC either through foreclosures, quitclaims, bankruptcies, and otherwise. A year ago I think the estimate was somewhere in the neighbourhood of 500 to 600 quarter sections, and I'm wondering if she could provide us an estimate of what that number is today.

MRS. CRIPPS: Mr. Chairman, I provided those figures at the beginning of my opening comments at last time's Heritage Savings Trust Fund, but under the administration of ADC as of November 30, 1987, we had 367 properties. Now, that would be farms, and that would be comprised of 791 quarters.

MR. HAWKESWORTH: Thank you, Mr. Chairman. Yes, I was looking at the minister's opening comments, and I understood the numbers of foreclosures, bankruptcies, and quitclaims, so I appreciate her supplying the number of quarters. That's risen substantially from a year ago. I wonder if she or her department have made any estimates of what that figure might be by midsummer of this year.

MRS. CRIPPS: No, I wouldn't have specific estimates, because there are a lot of factors which would come into a decision by a farmer to decide to exit agriculture and to go through the quitclaim process. There may be a number of farmers who last year might have contemplated that this is their last year but because of the increase in cattle prices have found they don't have to make that decision now. On the other hand, there may be a number of people with the grains industry as their principle income source who may, because of the low price of grain, have to make some decisions that they would not have contemplated a year or two ago. So there's really no way for us to estimate what the decisions of these farmers will be in the future.

I do believe as a result of our new thrusts in dealing with stressed accounts, in offering proportional quitclaims, that we will in fact acquire some land that we might not have otherwise acquired, or we will acquire a proportion of some properties when we might have in fact acquired the whole property if this flexibility wasn't there.

MR. HAWKESWORTH: Thank you, Mr. Chairman. When the minister was here previously, she gave us some statistics regarding total arrears over one year. She said on March 31 there were 1,150. I would take it that was March 31, 1987. She also indicated that on November 30 -- I presume, again, 1987 -- there were 1,103. So there was a drop of about 47 accounts being a year in arrears.

Now, some of that drop might be accounted for by the increased numbers of quarter sections that have come under ADC control through the process of foreclosures, quitclaims, and bankruptcies. So what I'd ask her, if she could, is: of those 1,100 accounts that are over a year in arrears, how many of them would she estimate will be concluded either in the form of foreclosures, quitclaims, or bankruptcies by midsummer?

MRS. CRIPPS: As I indicated in my earlier comments to your first question, the decisions that the farmers make depend on a lot of other circumstances that are beyond their control and certainly beyond my control. It would be foolhardy to give you an estimate on how many of those 1,103 farmers will have to decide to exit agriculture. I can tell you that last year we had 173. We took title to 173 properties in the last year. That means that there were 173 farmers that exited agriculture either through quitclaims, foreclosures, or other agreements.

MR. CHAIRMAN: Member for Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Chairman. Farmers, I suppose, could for convenience be divided into sort of three categories: there are the small farmers, many of whom work off the farm to make enough money to keep it going; then there are the sort of medium-sized farmers, the family farmers, who try to make it on farming alone; then, of course, there are the really big farmers. In the medium category, the 96- to 480-hectares size, over the last 15 years we have lost from 114,000 farmers in that category down to 86,000. The squeeze is obviously on.

In the United States there was a study done not very long ago. I don't have it with me; I did have it before the committee last time, but I left it behind this time. Basically, what it found was that the subsidy program in the States was not helping the small farmers and the medium-sized farmers but rather helping the biggest farmers the most. I guess I'm just wondering if a free trade deal with the United States won't help to make those pressures even greater on our family-sized farms.

MRS. CRIPPS: I think not. I think one of the most important initiatives that we have undertaken and that the federal government has undertaken in the last 10 years is probably the free trade agreement.

I know that the minister said to you, when we were at the Heritage Savings Trust Fund before, that Alberta only consumes 23 percent of its beef, and we export 77 percent. We use 40 percent of our pork and export 60 percent. Barley is 50 percent and we export 50 percent. In wheat we use 20 percent and export 80 percent.

With the exception of the wheat, our major, major export opportunity is to the United States. When we look at the free trade deal, we're looking at a market of 275 million people. In Canada we've got a market of 23 million people. In California alone we've got a market of 25 million people. Right now, our biggest export market is to California. We're closer to California than we are to the Montreal market, and it makes sense for us to trade on a northwest pattern.

MR. McEACHERN: North-south pattern?

MRS. CRIPPS: Pardon?

MR. McEACHERN: A north-south pattern, you mean?

MRS. CRIPPS: North-south, I beg your pardon. There are 200 jobs in Alberta that depend on our ability to export our products. That's one-tenth of all of the jobs in this province. Seventy-seven percent of our exports from Alberta go to the United States -- 77 percent -- and 70 percent of that goes to the 13 north-central and western states. I just think it's an incredible opportunity, and our commodity groups, the Cattlemen's Association, and most of the cereal grains and particularly the

canola producers believe it's a major opportunity for us.

For instance, right now if we could export oats freely into the United States, we could export all of the oats we grow. We could export it, even with the difference in paying trucking costs, for a buck a bushel more than we can get here today. One of the reasons we can export those oats is because we grow such excellent oats. We figure we've got a crop failure if our oats weigh under about 46 pounds to the bushel, and the United States just simply can't produce that quality oat. So we've got that export opportunity.

In cereal grains in particular, the agreement says that there will be a free flow of cereal grains between the two countries when the subsidies on those two grains are considered to be equal. Oats and barley are considered to be equal, except that we've got our own restrictions on direct exports. In the case of wheat, the United States is considered to have a \$25 a tonne subsidy at this point in time. So I think there is great advantage and great opportunity for our farmers and for the whole agricultural sector in looking at the free trade agreement and opportunities.

MR. McEACHERN: There are also, I think, grave dangers. But just talking about the weight of oats, I come from the Peace River district, and I believe they have some of the heaviest oats in the world. They're well known for the excellent oats they can grow.

MRS. CRIPPS: Just in my area I was at a Grain Commission meeting, and they were talking about oats as a special crop. In my area it's the main crop because we can't grow wheat -- too short a growing season -- and barley is not as useful. So it's the main crop in a lot of this west-central Alberta.

MR. McEACHERN: Okay. Back to the free trade problems. While there may be some opportunities there, I think there are also some fairly grave dangers. A couple of them might be: one, that the Americans are subsidizing grains very heavily, and they seem to have bought the philosophy that bigger is better in the way they apply their subsidies. So if we become part of that market -- in other words, remove the border -- the pressure will still be on our medium-sized farms, partly because of that.

Some of the opportunities you mentioned in some other areas, like canola and so on, it would seem to me that Canada is also, because we have a slightly colder climate -- but it's not that cold that we couldn't diversify our agricultural production much more than we have. The fact that the United States has a slightly warmer climate and an earlier season, at least in some produce, I think we'd find ourselves inhibited from growing things that we could grow -- oh, tomatoes and lettuce, to pick a couple of simple examples. So we have a lot of opportunities in this country, were we prepared to say that we're not going to have free imports from the United States. So I think free trade also has its dangers.

I guess I would like to ask what you think about some of the specific problems we're going to face with trying to maintain, for instance, some of our subsidies in the face of U.S. competition and the free trade deal on fuel subsidies, the two price system of wheat, and deficiency payments -- things like that.

MRS. CRIPPS: Well, most of what we're trying to develop in the province of Alberta is a safety net, and it's a participation in an insurance program. Now, that's why we've become involved in the tripartite red meat stabilization program. The farmers are

involved in the western grain stabilization program, the crop insurance. Those are not considered subsidy programs. And they're not subsidy programs; they're a protection the farmers are developing themselves. The farm fuel distribution allowance is a distribution allowance. I mean, it's a cost of moving it.

Frankly, we don't have any absolutes that if we don't go into a free trade agreement, we won't have countervail actions. We have far more protection by going into a free trade agreement, where there is a mechanism to deal with concerns either country has in their agricultural programs. You called them subsidies. The Crow offset, for instance, is not in my mind a subsidy. The Crow offset is a program that is there to offset a regional disadvantage we have because of a program that's in place.

I might add that last year that Crow offset program resulted in 4,200 more head of cattle a week being slaughtered in Alberta than before it was in there. In our feedlots we fed 268,000 more cattle in Alberta than we fed the year before. Now, that's a major, major advantage to diversifying our economy into the secondary processing industries that follow because of that.

I have been to a couple of WASDA meetings. That's the Western Association of State Departments of Agriculture, and Alberta is an associate member of that group. One of the key thrusts of that organization is to talk about issues before they become controversial and cause us problems. It's worked very, very well. They have committees on the red meat industry and on the cereal grains industry. This doesn't apply to Alberta, but they've had a committee on the potato industry and on the apple industry. In fact, they've resolved through discussions and communications issues that could have been countervail issues if they hadn't been addressed. And that's one of the major advantages I see in the free trade agreement. Aside from the opportunities it offers us, we have a mechanism there to communicate and resolve issues before they become major countervail problems.

MR. McEACHERN: I can't help thinking that the Americans will buy our produce if it's convenient and when they can get it at a good price, and they'll countervail or find some way to do it whether we have a free trade agreement or not. The Yankee traders are not easy to outsmart. They're not going to give anything away.

I guess I wanted to swing a little bit more to our own situation here and the support programs we have for farmers. I'm somewhat concerned that some of the programs may be encouraging big farming as opposed to small farming. A specific one I remember being mentioned was a Saskatchewan program actually, not an Alberta one, a low-interest loan that some of the big farmers were able to take and stick in the bank and make money from. In the same breath the author of that report suggested that the 9 percent, the ADC and farm credit stability program, had somewhat the same effect. I would think not so much, but I would like you to address that.

While you're at it, perhaps you could address the idea -- and you've touched on it, and I was encouraged by some of what you said -- that too many of our programs have been ad hoc programs and are not long term enough to ensure long-term survival of the family farm. I wonder if you could sort of wrap those two into some discussion.

MRS. CRIPPS: Well, there's certainly no question that on the odd occasion there may be someone who takes advantage of a program and has the ability to use it in a different way than was intended in the original conception of the program. I think

probably the risk there of people abusing the program in that manner is far outweighed by the good that is done in terms of the overall agricultural industry. I think that's -- you know, it's a thing that we try to build in safeguards. Hopefully our safeguards will prevent that kind of thing, but it could and it may occasionally happen.

The last part of your question was on . . . I should have written it down.

MR. McEACHERN: The ad hoc nature of many of our support . . .

MRS. CRIPPS: Oh, the ad hoc [inaudible]. Thanks.

MR. McEACHERN: . . . compared to long-term support.

MRS. CRIPPS: That's right. Yes. I think if there's one thing farmers have told us over and over again, it is that they don't want to be dependent on subsidies and ad hoc programs. They really do want to know that in the long term there is a safety net there. And I hope they don't have to use it. I tell farmers all over the province that I believe they will have to consider as part of their input costs the premiums for crop insurance, red meat stabilization program, western grain stabilization program. But at the same time, we have to make sure those programs are responsive to the differences in this province and to the needs of Alberta, because quite frankly the situations and the conditions in northern Alberta and east-central Alberta and southern Alberta are far different and so the program has to be responsive.

I've been working over the last number of months trying to make the crop insurance more responsive and also less open to abuse. For instance, one of the areas we want to move to in crop insurance is individual coverage over time, because one of the concerns raised at our hearings on crop insurance was that there is abuse or could be. Anyone that abuses the crop insurance program, if you're an environmentalist, also abuses the land. I mean, it's in direct proportion. I think Ray could probably confirm that, you know, if you abuse the crop insurance program, you're almost bound to be abusing the land.

In conjunction with the crop insurance program, one of the recommendations -- it's a production insurance, so we've got the production part of it covered, but one of the main concerns of the farmers in crop insurance review was that we don't have an income insurance. You know, when grain prices drop down to here, which they have, they can't even recover the input costs. So the recommendation was that we have a prairie grain revenue insurance. That doesn't look like it would go as it was proposed, but maybe we could incorporate some of the aspects of the prairie grain revenue insurance program into the western grain stabilization program, which is there and is working if you happen to be a wheat farmer. It's more specifically beneficial to the bigger grain farms and to Saskatchewan.

Now, the grain farms over 60,000 bushels of production will tell you it is not for the big guys, because there is a limit on it. But certainly the western grain stabilization program is more responsive to Saskatchewan and Manitoba than it is to Alberta. What I want to do is make that western grain stabilization program more responsive to the variations in Alberta so that farmers can partake of it. The tripartite red meat stabilization, the cow/calf people, were not participating in it, although I know a number of them are going in this year.

Again, it's a protection, and quite frankly I hope the farmers don't have to use it. I hope they pay premiums for the next 20

years and don't have to draw on any of those programs, because that means they've got good prices and good crops. In particular, those people in debt, which is a major, major cause of needing an assurance of income, should be in those programs. I guess if you can't afford a fire, you have to have fire insurance. But again, you certainly don't want to have to use it.

MR. CHAIRMAN: Thank you.

Before I recognize the Member for Little Bow, maybe we could save some of the subcommittee meetings for 12 lunch and keep the noise level down just a little bit. Member for Little Bow.

MR. R. SPEAKER: Sorry, Mr. Chairman. I was explaining in the subcommittee here how crop insurance is abused, so my apologies.

MRS. CRIPPS: You agree that it is possible?

MR. R. SPEAKER: I relate my questions to page 77 of the Hansard. I don't think the minister has it in front of her, and that's all right. At that point in our earlier discussion on January 5, the minister raised some items with regards to new policy. I'll just itemize them: one was the proportional quitclaiming, which she's already mentioned this morning; secondly was the assumption of loans by someone else; thirdly, it was with regard to public lands being leased back that are presently under farm development sales.

My question in terms of the first one: in proportional quitclaiming taking place in terms of a current ADC loan, is it the idea of the minister that the debt that would be taken in terms of that proportion would be calculated on the basis of the value of the debt at the date of purchase of the land, or is it current market value?

MRS. CRIPPS: I don't have the exact guidelines, but what we did as a caucus is say, "Look, one of the things we have to do is look at giving ADC more flexibility in dealing with stressed accounts." As you know, in rural communities if you've got total quitclaims, you've got farmsteads abandoned, and there's deterioration of the buildings and vandalism. The school populations are devastated if you have people moving out of the lands, and we've got problems there in any case. The rural communities lose a business base.

So what we tried to do was look at a number of options. We will be looking at more of them, but at this point in time we've looked at a number of options where ADC has some flexibility. What we did was develop a basic concept. I'm trying to find it. I'll just go over the basic criteria now. This is basic. The ADC board of directors has developed the guidelines on how it would happen, and that's a management thing. As far as the criteria, the borrower must have a plan to repay the remaining debt and operate the farm assets. Secondly, he must have demonstrated his intent to repay creditors in the past. I think if you're looking at someone who has had a loan for seven years and has never made a repayment, this isn't something that is going to help him. And frankly, if they don't have any equity in the farm, this isn't going to help. In that case probably nothing short of a miracle in pricing would help.

Doug tells me that calculation will be based on current day values of the land, just as a specific answer.

But to get back to the principles, the borrower must have no other reasonable means of resolving his financial situation. I

mean, you don't want somebody just coming in and quitclaiming because they got tired of their debt. Assets on which ADC holds a charge have not been sold and proceeds diverted. It's just plain good business decisions. In some cases they may require, depending on the financial situation, an additional settlement in order to allow proportional quitclaim, but it's negotiable. And the borrower will no longer be eligible for the beginning farmer incentives. Most of the people that doesn't apply to anyway, because the majority of the people who are in a position where they need to proportional quitclaim are beyond that period in any case. So I don't think it would apply in -- what? One out of a hundred cases?

MR. PORTER: Approximately.

MRS. CRIPPS: Yeah. And basically that's it.

MR. R. SPEAKER: One of the other items that was raised, and this was also raised yesterday at the Unifarm meeting, was the concept of: if the proportional quitclaim is based on market value, and this is also with some of the other programs . . .

MRS. CRIPPS: Yeah.

MR. R. SPEAKER: . . . the remaining debt on the remaining acres becomes fairly burdensome per acre. Then your capability of production for cash flow -- you know, there's a problem created there as well. So one of the suggestions has been the debt set aside concept, and as you've mentioned in the notes here, it has been suggested by the Alberta Wheat Pool and, I believe, by the Unifarm convention yesterday. In your March 1 announcement, or in regards to this proportional quitclaim concept, was that one of the considerations? Is that still on the list, or is it struck off the list?

MRS. CRIPPS: Debt set aside? No. I think that's one of the things we may take a look at in the future. You know, right now we refinance arrears, we postpone payment, and this has been done prior to this. There's total refinancing. We extend operating capital through loan guarantees and reamortize arrears, and we co-operate with other lending to develop manageable financial packages. The enterprise counsellors work in conjunction with them. But a lot of these things don't lower the total debt, and in many cases the major problem is that the debt [inaudible] the ability of the farm to produce.

On the proportional quitclaim -- and that's why it's called proportional -- the proportion remaining will be in proportion to the total. Let's say you've got three quarters. If you take the house out of it -- and it's got to be evaluated separately -- the proportion of debt would be equal among the three quarters if the quarters are equal. So you wouldn't necessarily have . . . As I understand the program and the concept, let's say that if the quarters were worth \$70,000 apiece when they were purchased and they're now only worth \$45,000, it wouldn't be \$90,000, but it would be proportional. There's going to be a little bit of a gap in there between what the actual value is today. There's got to be some loss there between the two, ADC and the borrower, on the original price and today's value.

MR. R. SPEAKER: So there'd be some debt forgiveness in that sense in an indirect way.

MRS. CRIPPS: No. Well, I don't think there'd be debt forgive-

ness, but I think maybe ADC is looking at taking a proportion of the loss. I mean, you're . . .

MR. R. SPEAKER: Mr. Chairman, to the minister. You're saying that because of the assessed value of land, which is very difficult to assess at this point, if you assess it as -- let's take two quarters of land, valued at \$50,000 each at date of purchase, today only valued at, say, \$30,000 each. If in the assessment or best judgment it was assessed at \$40,000, the proportional amount of quitclaim could be the \$40,000. In a sense, there is a forgiveness of some debt.

MRS. CRIPPS: That's something that is dealt with with ADC and the borrower, and there's a working out between the two of them. There certainly is no debt write-down, because that's something we've eliminated. Do you want to answer that?

MR. PORTER: If I could just add to it, what I would say is that rather than a debt forgiveness, because the land is returning to ADC, there is a recognition of a portion of a loss that is there, that has been reserved by ADC in its allowance for possible losses, that will be recognized today and not have to take the whole farm back and recognize perhaps a greater loss, the hope being that recognizing the smaller portion of that loss today, proportionately, will allow that farmer to be successful with his remaining part. Therefore, the overall financial situation would be a smaller loss recognition and a successful farmer continuing on.

MRS. CRIPPS: My understanding is that they would go into a one-year lease agreement, if that's what the farmer wants to do in continuing with his operation, in order to give both the farmer and ADC more time to evaluate the program and to evaluate the farmer's ability to develop the proposed plan he has to remain in agriculture.

MR. CHAIRMAN: Just before I recognize the Member for Calgary-Mountain View, perhaps on behalf of the committee I could welcome some guests, some young people that are with us this morning in the members' gallery.

For the information of our guests, what we're doing this morning is: this is the Select Standing Committee on the Alberta Heritage Savings Trust Fund. With us this morning, appearing before the committee, is the Associate Minister of Agriculture, the Hon. Shirley Cripps. We're presently reviewing the 1986-87 annual trust fund report. So welcome to our guests in the members' gallery.

MRS. CRIPPS: Mr. Chairman, before you go on to the next question, just going back to Ray's question. The incentives will continue on the proportion of the debt the farmer retains if he has it, but it would not be allowed on any new borrowings.

MR. CHAIRMAN: Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. The minister has previously indicated that ADC owns 791 quarter sections. I'm wondering how these are going to be disposed of and, given that in the trade deal that's been signed with the Americans, Canadians are now going to have to provide national treatment or accord national treatment to American companies, I wonder if the minister has considered how these properties could be prevented from falling into the hands of American big

business, or is that something we now have no control over in the future? Will this farm land that's now been repossessed end up in the hands of American corporations?

MRS. CRIPPS: As I understand our foreign land Act, we now have an Act in place which has specific guidelines for the acquisition of land by foreigners. Under the free trade deal that would not change. There are ways and means of a foreigner acquiring land in the province, but he must become a landed immigrant or a resident of Alberta if the land base is over a certain amount. You know, we have a lot of nationalities here involved in agriculture. Frankly, they're very good farmers and very productive farmers.

MR. HAWKESWORTH: Mr. Chairman, the ADC Review Committee has recommended to the minister that foreign ownership restrictions on Alberta land be reassessed, that access by Alberta farmers to funds from qualifying investors under the Canada Immigration Act be enhanced, and so on. Can I take it from the minister's comments that her government is open to moving in the direction of these recommendations and in fact making these lands held by ADC available to foreign investors to purchase?

MRS. CRIPPS: The member has to remember that that's a committee report that is a recommendation to the government, and the government caucus and cabinet will be making decisions on it. When I'm in a position to announce those decisions, I'll let you know what the decision on that recommendation was.

MR. HAWKESWORTH: Mr. Chairman, this is my final supplementary to the minister. Just looking at those 790 quarters that are in the ownership of ADC, could she give us some indication how many of them are being leased and farmed, how many are being leased to the previous owner, how many are just sitting there and aren't being used or farmed in any way? Could you give us some overview of how those 791 quarters are being

managed by ADC?

MRS. CRIPPS: I might go back just a little. In 1986-87 we sold 97 properties. Since April 1, 1987, 107 properties were sold. Now, that's properties as opposed to quarters. There are 410 quarters leased, 32 in the tendering process, 207 listed with realtors. That's it.

MR. HAWKESWORTH: Of the 410 that were leased, how many, if any, were leased to the previous owner? Would you have that information available? No?

MRS. CRIPPS: There are a number of them that have been leased to the previous owner, and there are a number of them where the owner is no longer in agriculture so they're leased to neighbours.

MR. CHAIRMAN: Madam Minister, again, on behalf of the committee, I want to thank you and the people from your department for agreeing to reappear before the committee. I think it's indicative of the significance and importance this committee places on agriculture, so we were delighted and pleased that you could reappear.

MRS. CRIPPS: Mr. Chairman, I'd like to thank the committee members for their interest in agriculture and in agricultural situations, although I know a lot of the questions were not related to the Heritage Savings Trust Fund. I'd also like to thank Doug Porter for coming down and Robin Wortman for being here with me. Thank you, and see you next year, I guess.

MR. CHAIRMAN: Right. The committee then stands adjourned until 2 p.m. this afternoon when we'll be hearing from the Deputy Premier and Minister of Advanced Education, the Hon. Dave Russell.

[The committee adjourned at 12 o'clock]

