

[Chairman: Mr. Oldring]

[2 p.m.]

MR. CHAIRMAN: Good afternoon, everyone, and welcome to another meeting of the Alberta Heritage Savings Trust Fund select committee. We're meeting this afternoon with the Deputy Premier and Minister of Advanced Education, the Hon. David Russell. The matters before us this afternoon are found on page 18 of the Alberta Heritage Savings Trust Fund '86-87 annual report, three programs under the capital projects division for which the Minister of Advanced Education is responsible. They're the Alberta Heritage Scholarship Fund, the heritage learning resources, and the library development program. I would assume that this afternoon we'll be focusing our comments around the Alberta Heritage Scholarship Fund.

I would extend an invitation to the Deputy Premier to open with some brief comments on the current status of the Alberta Heritage Scholarship Fund, and then we'll refer it over to the members for questions. Perhaps, Mr. Minister, you could begin by introducing the departmental people that are with you.

MR. RUSSELL: Thanks, Mr. Chairman. It's nice to see the members of the committee again. It doesn't seem like a year since we were last here. During that time I've appointed a new deputy minister in the department, and Mrs. Lynne Duncan is sitting on my immediate left. Next to her is Leon Lubin, the director of the heritage trust scholarship fund. The three programs you referred to on page 18 of the annual report are actually, in effect, really one. The two programs, learning resources and library enhancement, have not had funds in them for several years. They were sort of a one-shot kind of thing meant to enrich and enhance at a time when the funds were there.

The present status of the fund is very good. The capital base continues to grow and the amount of funds given out by way of scholarships intends to increase. Members may recall that there was an amendment which allowed the amount of awards in any given year to be increased by a million dollars, and that ceiling is now \$10 million. Just by way of a very brief summary, at March 31, '87, \$49.3 million had been awarded from that scholarship trust fund, which had an original endowment of \$100 million. That \$49.3 million had gone to approximately 34,600 recipients. The net income for the period -- that is, the fiscal period that I referred to -- was in excess of \$18.7 million, with about \$9.7 million allocated in retained earnings. And at the end of the fiscal period -- that is, last year, end of March -- the assets of the fund were \$148,897,050. So the fund has maintained its integrity. The capital base continues to grow at a rate in excess of our expenditures each year.

I'm sure all of the members have had constituents who have benefited from the awards in this program, and you've probably participated in awards ceremonies or at least received notes from students who have been the recipients. I may be prejudiced, but I think this is one of the programs of government that's just extremely worth while, has nothing but good in it, and makes you feel good that public funds are being invested in that way, because the letters certainly convey that message.

That concludes my opening remarks.

MR. CHAIRMAN: Thanks very much, Mr. Minister.
Recognize the Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. I'd like to welcome our guests this afternoon and perhaps ask any of them or Mr. Russell to comment on recommendation 15 from

last year by this committee. It was one in which the committee recommended that an award or a category be established in the area of fine arts. I wonder if we could be given an update on that, on where that has progressed in the previous year.

MR. RUSSELL: The short-line answer is that we did consider it and rejected the recommendation at this time. Some of the reasons I dealt with during our exchange in this committee last year. That is, there is ample opportunity for recipients of these scholarships who are interested in fine arts programs, of course, to receive the awards and go on and use them in that way, either at Banff Centre or Alberta College of Art or the universities' fine arts departments, et cetera. So it's not as if a category of student is being excluded. Also, the suggestion comes at a time when, I know the member is aware, there is concern about fluctuating interest rates, containing our expenditures and, with respect to trust funds, of course, maintaining their integrity. By integrity I mean the ability of the capital to sustain itself at a level that will allow these increasing awards to come from the income of the base. So really those are the main reasons why the recommendation was rejected.

MR. HAWKESWORTH: Mr. Chairman, there are a number of specific categories within the scholarship fund already which tend to heighten and give priority to certain lines of endeavour, and it seemed to this committee last year that a failure to specify a separate category for fine arts, given the tremendous capital investment the province has made in performing arts facilities across the province, was an oversight. So I'm quite disappointed to hear that the scholarship board rejected the recommendation of this committee.

Given, however -- to pick up on the comment -- the growth of the fund over the past year, could the minister indicate to us what percentage of the fund is available for scholarships? Do they establish a base percentage figure, and does that then generate the amount of money made available in any given year for scholarships? If so, could he give us an indication of what that percentage might be and the money then that would be available in the coming year?

MR. RUSSELL: I'll let Leon go into detail with respect to the numbers. But just to give you an overview, the number of recipients is increasing each year for two reasons. Number one, the number of kids in high school that are eligible for Rutherford awards in that category is expanding, and this is a very good sign. Numbers are increasing who maintain that 80 percent average. Secondly, there's been a gradual increase in the Condon category of athletic teams and athletes on an individual basis who are also eligible for awards.

I mentioned in my opening remarks that we have changed the ceiling from \$9 million to \$10 million a year that can be awarded, and you'll see that in the last couple of years it's going around the \$9.5 million mark. Leon, maybe you'd like to expand on the percentage figures.

MR. LUBIN: With respect to the percentage of the fund that we would expend in any given year, research and experience in endowment indicates that in order to maintain a fund in perpetuity, which we hope to be able to do, the funding shouldn't exceed 5 percent in the long run. When they speak of the long run, they are talking about a period of 15 to 20 years. With the somewhat larger than expected increase in the number of Rutherford scholarship recipients this year, as the minister has mentioned, we

were going to exceed our legislated limit, and we put forth a proposal to have that increased. We may be slightly over 5 percent in the very, very short run, but it is our expectation to maintain a spending pattern that would be approximately 5 percent of the market value of the fund.

MR. HAWKESWORTH: Indeed, as my quick figures -- \$9 million on a value of the fund of \$148 million? That's somewhere in the order of a little over 6 percent. Does that mean then that in some future years that's going to have to drop back to 4 percent?

MR. LUBIN: No, Mr. Chairman, Member for Calgary-Mountain View, I would hope that would not be the case. The figure of \$148 million that the minister mentioned was the market value of the fund as of March 31, 1987. Currently the market value of the fund is in the neighbourhood of about \$158 million, give or take a few dollars. We don't have the final figures in for December 31, but that's a very close approximation.

While I mention that we are aiming for a 5 percent figure, I would maintain that over the long run we'll be able to handle that, and even though in a short period of time, in a six-month period or a year or a year and a half, we may be slightly over that, that would prevent us from growing at an expected rate of increase that we've projected. But we would try and keep it at 5 percent; we would not anticipate having to cut back.

MR. CHAIRMAN: The Member for Athabasca-Lac La Biche.

MR. PIQUETTE: Thank you, Mr. Chairman. Yes, I am quite pleased with the Rutherford scholarship fund. I think it's probably one of the most important kinds of incentive for a lot of high school students to do well in their studies, and that's been something lacking for many years. I wanted to indicate to the minister that my son was one of the recipients this year of the maximum awarded under the Rutherford, and I have a daughter coming up in the same category. I know they are working personally to try and achieve that maximum they're eligible for under the program. As an ex-school principal, I think that was one of the things I encouraged high school students to try and aim for, because it is no doubt a benchmark in their accomplishment.

One of the questions I have to ask the minister, however, is relating to perhaps a little bit less well-known scholarship, the Louise McKinney Postsecondary Scholarship. I am a little bit confused about how students qualify for this, whether they be at the undergraduate or the graduate, professional, level. Do these students have to be nominated by their institution, or is the requirement the same in terms of an application for scholarship? I know it's a question that was asked by a few of my constituents here, and I didn't have the answer. I thought today would be a good time to ask you. How is the application made for that scholarship?

MR. RUSSELL: Leon, are they nominated or do they they apply? Can you answer that?

MR. LUBIN: What we have done -- just as a little bit of background, if I may. We allocate a fixed number of scholarships to each institution on a pro rata basis, and then we ask the institution to nominate the top students in each faculty. Different institutions have different minimum requirements in order to qualify for a scholarship. For example, as I understand it, the University of Alberta does not consider anyone for a major

award unless they have a grade point standing of at least 8.0 and are taking a full complement of courses, five full courses. That may vary between different institutions. So in any given year there isn't a predetermined level which would qualify an individual for the scholarship. In some faculties the cutoff might be at 8.7; in another faculty it might be at 8.0. But there is a fixed number, and it is by nomination from the institution. They invite the individual to then fill out an application form.

MR. PIQUETTE: Okay. I guess the question I've been asked is that some of the students I've talked to felt it should be based as well on a need situation, not simply based on strictly academic. Because if you fall, say, just one point below what the university names . . . You could have an 8.6 in the faculty, for example, and a \$3,000 or \$6,000 scholarship can make a big difference for some of the students we have going to university today. Besides the straight academic requirement is there any other qualification the university employs, or is it strictly an academic result?

MR. LUBIN: If I may continue, it is strictly based on academics. As you're aware, there is another component from the minister's department which amply takes care of need-based programs through student loans. The scholarship by its very nature is strictly based on the academic standing of an individual relative to all others in their faculty.

MR. PIQUETTE: Perhaps I would like to see a review of that postsecondary scholarship, maybe allowing as well for students who do qualify for the academic so that they have a little more knowledge about that particular scholarship, because it seemed not to be much known among the student population. I think it could be excellent where the publicity of this -- where our students could actually also apply for it as well as having the nomination aspect. They could have an incentive to try and aim for that particular academic standing which would qualify them for that scholarship. At this time it does not accomplish the same as the Alexander Rutherford scholarship accomplishes. I've checked that out at the university, for example, and there seemed to be very little information going down to the student body. So I would urge a review of that scholarship to make it more applicable to perhaps more people and more of an incentive.

The last question I have is relating to the library funding. We did have funding under the heritage trust fund under a four-year program. The question I have to the minister: in view of the fact that we've had a lot of underfunding of our public libraries and cutbacks in some of the services provided in the outlying areas, is the minister reconsidering reinstating that program, which perhaps could be emphasized more in terms of providing a level of service to outlying rural areas where some of the recent cutbacks have really hurt, in terms of making that service available to our population?

MR. RUSSELL: Well, it's a good suggestion. In this fund it would strictly be limited to postsecondary institutional libraries. It's certainly something we have been considering during these times. Perhaps another shot of capital for those facilities would be helpful. It wouldn't be meant to be expanded to regional or community libraries but just libraries within the system.

MR. PIQUETTE: Postsecondary, outreach.

MR. CHAIRMAN: Member for Lethbridge-West.

MR. GOGO: Thank you, Mr. Chairman. Mr. Minister, I haven't had the opportunity of officially meeting your new deputy, so I'd certainly like to welcome her to the committee.

Mr. Minister, each year it seems that with regard to the scholarship fund in the city of Lethbridge we have many applicants, and invariably there's some wrinkles, for a variety of reasons. I'd like to say formally to you in the presence of Mr. Lubin how helpful he has been to my constituency office in resolving so many of those problems. It's sometimes difficult in government, with the number of bureaucrats there are, to get a quick reaction, and I know of no place where you need a quicker reaction than either student finance or this scholarship program. So I'd like while you're here to commend Mr. Lubin for his co-operation.

I seem to recall that the Provincial Treasurer made an announcement two or three months ago -- I don't have it here -- about a change to the Condon scholarship. Is that accurate? Was there a change made just in the past three months? I believe the change, Minister, related to -- instead of teams there was a provision for individuals. Is that accurate? I don't have it in front of me.

MR. RUSSELL: No, that's accurate, and there were two or three teams that were added: women's soccer teams at the two universities of Calgary and Edmonton, I believe, and the hockey team, I think, at the University of Lethbridge. Is that right? [interjection] Pardon me, it was women's soccer at Lethbridge as well.

MR. GOGO: I think that's very important. I was one of the strong movers of motion 15 last year that felt we should be recognizing the fine arts and music and so on. The Deputy Premier has explained that in no case under statute can they go below the corpus of the fund, and unless you get higher interest rates, I don't know how you're going to pay any more out. So I would accept his explanation of motion 15 last year not being accepted.

Minister, I had two additional questions. One: we have, as I understand, a fair number of Albertans who because programs are not offered in Alberta, veterinary medicine, for example -- I believe some programs are perhaps offered only in the U.S. These scholarships that are conditional upon attending an institution are payable, I understand, to those individuals to use in those other areas. I wonder, Mr. Lubin, if you could advise the committee how many Albertans who are recipients of these scholarships that were conditional -- like the Louise McKinney, for example -- on attending the following year at an institution attended outside Alberta and outside of Canada. Do you have that kind of information?

MR. LUBIN: I regret to say that I don't. I just might acquaint the committee with the fact that a student who earns a scholarship as a result of undergraduate study at a postsecondary institution in Alberta is free to take it to an institution outside the province. In addition, provisions made for -- a student from Alberta who is taking a program outside the province that is defined as not being available or offered in the province can qualify for the Louise McKinney scholarship in a slightly different fashion from those that are in the province. They have to attain a standing which would place them in the top 2 percent of the total enrolment in their program of study. So, for example,

if there were 50 students in a specialized program, as the one that you have given as an example, they would have to be first out of 50 students in order to qualify for the scholarship.

I do regret that I don't have numbers for you. I would expect that last year there were something in the neighbourhood of about 30 scholarships for Albertans who were studying initially outside the province in a program that wasn't offered. I don't really have a good grasp on the number that earned the scholarship here and then went out.

MR. GOGO: Mr. Minister, you had commented earlier, or somebody had -- either that or by inference -- that only the young people of Alberta benefit. I have the honour -- I have had it for several years -- of presenting the Louise McKinney awards on your behalf to Lethbridge Community College, and it's certainly encouraging to me to see people in their 30s and 40s who are recipients. I know of no other way or no other province where they would have the opportunity for furthering their education if it were not for the heritage scholarship.

My question, though, is: with the ever-increasing interest of postsecondary institutions in athletic scholarships, is there any provision -- because the Condon award is the only one that's applicable, and that's a maximum of \$1,000 -- where awards would be or are liable to be increased, or do you have any concern for demand for increases based on athletic scholarships in postsecondary institutions as a means of paying their way through the institution?

MR. RUSSELL: I have no evidence that indicates that's any kind of a trend.

MR. GOGO: Unlike the U.S.

MR. GOGO: Thank you, Mr. Chairman.

MR. CHAIRMAN: Member for Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Chairman. I wanted to go back to that question on scholarships for the fine arts from the committee recommendation of last year. You indicated that the money was a bit tight, and I'll get back to money on the second question. So yes, I would agree that it is. I wonder then if there are some ways in which the advertising about the various scholarships that are now available -- and there are about 10 different ones -- makes it clear to people in the fine arts areas that there are scholarships available to them that they can use. As you said, there are some, and they could apply. Is there anything more or different you can do, in a sense in lieu of not accepting a new scholarship based on that idea?

MR. RUSSELL: Well, we'll be glad to review our information brochures and bulletins and the kits that we send out to the institutions, to the student scholarship and loan offices, and also to individual students themselves. It may be that the information can be added to or improved in some way, but I haven't found, as minister, that that seems to be a problem. I mean if a student is going to take engineering or fine arts, they apply for a scholarship. It's up to them to decide what to do with it. [interjection]

MR. McEACHERN: You wanted to add something?

MR. LUBIN: If I might just add one comment. I don't think

the conception that students in the fine arts are unaware of this . . . They are. Because the scholarships, once they're allocated to the institution, are prorated to each faculty and to each year of the faculty. So the Faculty of Drama, for example, would get a proportionate number of scholarships, the same as the Faculty of Engineering.

In fact, we find that some institutions -- for example, the University of Calgary is making a concerted effort this year to advertise or make their scholarship recipients known. We have received invitations from a few different faculties. There were two from fine arts faculties with respect to meting out the scholarships in front of their student body. In our graduate scholarship programs I think we have a very strong representation from the fine arts, who are recipients of the some 62 scholarships we have in that area. So I would suggest that they are being taken care of and considered in a very adequate fashion as compared to any other field of endeavour.

MR. McEACHERN: Thank you very much for that clarification.

Going by your numbers, there's approximately \$158 million in the fund as of December '87. If in 1987 we put out \$9.5 million in scholarships, that is considerably more than 5 percent by my arithmetic: \$10 million is 5 percent of \$200 million, and \$158 million is quite a ways from \$200 million. I'm just thinking that you've already exceeded the 5 percent. Is that a temporary phenomenon, or is it something you intend to change in the next few years? You did say that scholarship demands were sort of increasing, and I'm wondering how you might cut it back to 5 percent.

MR. RUSSELL: Well, I'll let Mr. Lubin and perhaps Mrs. Duncan both expand on this. Mrs. Duncan came to Advanced Education from Treasury, where she was known as Attila the Hen, so she knows how to mind our dollars.

Mr. Lubin made the opening comments that that 5 percent guideline is over the long run. You must remember that this fund started in the days when interest rates were very high, and it's capital base has very quickly increased. Then there was a catch-up period that we've been going through until recently when the awards grew at an increasing rate. For the 1987 period, whether it was the end of the fiscal year or the end of the calendar year, the retained income more or less equaled the amount in awards that had been given out that year, just over \$9.5 million in each case.

I suppose our analysts will have to assess this and review it from time to time. We've got some rough figures based on different scenarios showing what the value of the fund could be over a longer period of years, but that 5 percent guideline that Mr. Lubin referred to is over the long run. Now, that doesn't mean that on any particular year we might go 6 or 7 percent in the value of awards. Lyme, is there anything you'd like to add?

MRS. DUNCAN: You could have been a member in Treasury, Minister.

MR. RUSSELL: Leon?

MR. LUBIN: No, I think the point the minister makes is the very significant one that we're talking about. In the long run, over a period of 15 to 20 years, we would hope to stay within that 5 percent spending limit on the value of the fund in order to keep its integrity in perpetuity. This last year it happened to be

5.6; we may be a little closer to 6 percent this year. There are two things to do. The first one I wouldn't suggest, and that's cut back on the scholarships. The second one is to try and increase earnings. Of course, I think we have a very competent group of individuals who have done a remarkable job to date in managing the portfolio, and I'm very pleased to see that it's grown as much as it has. The projections for the future are good, even with the drop in the market. Our fund suffered a very, very insignificant change in the market value.

MR. McEACHERN: I guess the managers of this fund have decided not to invest too heavily in equities, which I'm glad to hear.

I wanted to ask the minister to elaborate a little bit on his answer to the Member for Lethbridge-West about athletic scholarships. It seems there's in some ways a fair amount of pressure because the Americans do it so much and sometimes take some of our athletes in Canada across the border. I didn't think we really got into that issue as much. Perhaps the minister could elaborate a little bit on his view on should we be moving into that area more in Alberta or not and, you know, perhaps using heritage scholarship funds or some other scholarship funds or letting universities use scholarship funds. What is his feeling on that?

MR. RUSSELL: Well, as I mentioned to Mr. Gogo, I hadn't really given the matter much thought, because it simply hasn't been an item that's been brought forward for discussion there. I haven't detected any pressure whatsoever, other than to get a new regular team or whatever recognized as being eligible, and that's been done. Just within the heritage program of scholarships, there are the two categories: the Jimmie Condon; and then, of course, under the Charles S. Noble, there's some support there, some special support, for junior A hockey players as a subcategory of that program. Then there's your array of all the other scholarships outside of the heritage trust fund scholarships. Given the fact that I haven't heard from anybody, I just assumed that the athletic end of it was being looked after in a satisfactory way.

MR. CHAIRMAN: The Member for Little Bow, followed by the Member for Athabasca-Lac La Biche.

MR. R. SPEAKER: Mr. Chairman, I believe my question was partly answered in the last series of responses by the minister, but first I would like to welcome the minister and his staff and compliment him for using a rather balanced approach to administration. I think that's a good idea.

My question with regards to the Alberta Heritage Scholarship Fund -- we are five years into that program -- the question I would raise as a member of this committee is: is the endowment adequate at this time, the hundred millions of dollars? From the answers it seems to be, but possibly you'd like to respond further.

MR. RUSSELL: Well, that's the answer: it seems to be. And I was looking for . . . One estimate has been done that based on an expenditure averaging \$10 million a year, and we're not up to that yet, for the next five years, the fund is expected to have a value of somewhere between \$163 million and \$287 million at the end of the five-year period. Then you go into your percentage chances of that occurring. So a part of it is projecting arithmetic, and the other is trying to guess how the market is going

to react. But between those two extremes we then go back to the percentage and see if we're spending around that 5 percent guideline that Mr. Lubin referred to. In one case we're under, and on the other case we're over.

So by doing that forward projecting each year, I think we can track whether or not we're within the ballpark. So far we have been, and the fund, as I mentioned earlier, has maintained its pace.

MR. R. SPEAKER: In terms of the scholarships that are available, do we have 100 percent uptake in terms of the opportunity?

MR. RUSSELL: I think so.

MR. LUBIN: That's a very difficult question to ask. The number of people who have applied each year has gone up significantly, and the number of recipients has gone up. There are, I guess I would have to admit, some of the scholarship areas where I would like to think we could have more people applying. My only assumption is that the need in that particular area may not be as great as it was envisaged to be, with other funds that have been made available over the past few years.

With respect to the graduate scholarship program, very fully utilized; with the Rutherford for high school achievement, extremely fully utilized; the undergraduate scholarships, yes; the career development scholarships, yes; the Sir Frederick Haultain prizes, yes. The only one that seems to have a fairly low number would be the J. Percy Page recreation awards, and by the very nature of the type of individual who would apply, they fluctuate from year to year, and it's a matter of trying to provide continuous information to the group that would access it. But they have, over the past few years, had lottery funds made available to them, and possibly the need hasn't been as demanding in the last two years as it had been previously.

MR. R. SPEAKER: Mr. Chairman, to the minister or Mr. Lubin. Do we have the capability within the fund to target scholarships towards, say, individuals that we would like to see pursue some special research area or some training at some other university or somewhere else in the world, and they in turn could bring that back to Alberta as a contribution in some special area that we'd like to work in? I've asked the question in general; I haven't a specific in mind.

MR. RUSSELL: Of course, that's the whole design incorporated in the medical research trust, where they do exactly that. I don't think that happens unless it's really by chance in this. These are general scholarships based on scholastic ability.

MR. R. SPEAKER: Is there any demand in that area? Computer science, for example, is on the top of everybody's mind when they go to university. It's kind of a mystery, like people who wanted to become, historically, an airline stewardess; they thought this was the glamour of the work world. They go to university, and the glamour is in computer science. Maybe there are some areas like that where we could target. We have the capability of doing it -- I guess that's the question -- but we haven't done it; that's the other part of it.

MR. RUSSELL: We'd have some flexibility under the Charles S. Noble category, where you can design specific categories, and I guess targeting could be done there. I was trying to think

of the vast array of scholarships that are available in addition. These are just heritage fund scholarships and by no means constitute the whole program of scholarships that are available, and I can't tell you whether or not some of those do target specifically. Many people or endowments that set them up do just that for specific reasons, as you mentioned, but other than that I can't say that there's any targeting done here.

MR. PIQUETTE: I'd like to get the minister's viewpoint on the possibility of establishing new endowment funds. I'm thinking here along the line that if we're going to be retaining a lot of our very bright people educated in Alberta and attract people from outside of Alberta to make their home in Alberta in terms of developing their expertise, do you see any possibility in the future of establishing, say, a foundation for research in the social sciences and humanities, and also the natural sciences or applied sciences, that would address the need for research grants being made available through such an endowment grant, which would be modeled on, say, the Alberta Heritage Foundation for Medical Research?

MR. RUSSELL: Well, since the established success in the last few years of that medical research trust, of course, the other families of faculties, through their staff associations in the different institutions, have come forward with a variety of those kinds of suggestions that in the arts, humanities, and social sciences there should be equivalent endowment funds established. We haven't been able to do that, of course, because you know from listening to the other ministers that are involved in the heritage trust fund that its elasticity is pretty well taken up. We're not at the period in Alberta, in a fiscal sense, that we're looking for ways to establish endowments. We're borrowing money to get by, and it doesn't make sense to go out and borrow money to establish an endowment fund.

But I've met with some faculty reps and associations on that very matter, and I'm -- I was going to say I'm sure. I'm not sure, but I would guess it's a pretty good chance that someday moves like that will be taken.

MR. PIQUETTE: In terms of saying there's no money available in the heritage trust fund at this time to do that, what do you base that on? We were talking here a few days ago about -- the Treasurer was indicating that we should diversify our investment portfolio, and extra money coming in from repayment of loans from provinces. Wouldn't that be a good investment, in terms of spending that kind of pool of money in encouraging more research to be done in Alberta here so that we can be more competitive in the world market, if that is one of the goals of the Alberta government?

MR. RUSSELL: The spending or investment of that investment income would be good, but what you would be doing if you established another endowment of \$100 million is taking \$100 million out of the earning part of the heritage trust fund for general purposes and putting it into that specific. So although the idea and the investment would be good, it restricts the earning capability of the fund generally.

MR. PIQUETTE: My last question would be: in terms of the endowment program for scholarships at the present time, what areas is the fund invested in? What are some of the areas where the fund is now earning good interest rates? Are you at liberty to indicate what types of investments your department is han-

ding, or is that done by an outside investment firm?

MR. RUSSELL: It's done by the investment division in Treasury that invests the whole heritage fund. This is done with that, so we merely get the income that those managers develop.

MR. PIQUETTE: So all the endowment funds are handled by the investment division as one portfolio?

MR. RUSSELL: Maybe you'd want to expand on that, Lynne.

MRS. DUNCAN: I am not all that familiar with what's being done in Treasury. They manage each endowment separately, and they work to set criteria for investment based on the needs of the particular program. This particular program requires a reasonably significant cash flow, so they tend to invest in relatively liquid assets. But I can't answer beyond that.

MR. CHAIRMAN: Member for Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Chairman. There doesn't seem to be a lot of pressure for questions. I wonder if I could ask the minister a question on the endowment incentive fund. I realize it isn't strictly under these votes, but just sort of an update on something I was raising in the House some time ago.

MR. CHAIRMAN: I think it would be more appropriate to address the matter in front of us. I think it's appropriate to stay on topic if we can.

MR. McEACHERN: Well, we did range pretty far and wide over, you know, university and secondary education at other times. Anyway, I wanted to ask some questions on that. Were you going to allow it or not?

MR. CHAIRMAN: No.

MR. McEACHERN: Okay.

MR. CHAIRMAN: Any further questions by any of the members? I know what the Member for Lacombe has his hand up for, but before we do that, I want to first of all thank the minister, deputy minister, and representatives from the department for being with us this afternoon. We certainly appreciate the Alberta Heritage Scholarship Fund as MLAs. I know that all of us have had the opportunity of going out and presenting them in our own constituencies. I personally have received a number of letters of thanks, and I know that young Albertans, and older Albertans as referred to by the Member for Lethbridge-West, really do appreciate the opportunities that these scholarships are extending to them. So on behalf of the committee we thank you for appearing this afternoon.

Before we do adjourn, perhaps the Member for Stony Plain might want to just take a few minutes and we could deal with recommendation 8 prior to adjournment.

MR. HERON: I can do that, sir.

Well, Mr. Chairman, if I may have your permission, I would like to deal with recommendation 8 and the one submitted this morning; that is, the draft recommendation of this morning. What is it, number . . .

AN HON. MEMBER: Ten.

MR. HERON: Number 10. If I could have your permission to go on with it, because of the possibility I may be very short lived here tomorrow.

MR. CHAIRMAN: Regrettably the policy of the committee has been to only deal with recommendations after they've been tabled for at least a full day by this committee, to enable all members a full opportunity to read and review.

MR. HERON: I shall not ask for an exception to that rule.

I am proposing in recommendation 8 that we consider developing a series of videotapes on the Alberta Heritage Savings Trust Fund. I feel that we should have these tapes produced in a very large number, and they should be readily available to educators, politicians, and people out in the field to know what the heritage fund is doing for Albertans, telling them that it's one of the largest pools of capital in the free world. I'm somewhat chagrined as I travel around the province -- and I'm sure all MLAs experience the same thing -- that people do not have a very good grasp of what the heritage fund is and what it does for them.

Just the other evening I was at a meeting where one of the people proposed that we not be involved in irrigation, that it was too expensive, and the rest of it -- a farmer from my area. After some discussion and my pointing out the benefit of irrigation to all Albertans, the various crops, and the rest of it, he came around and said, "Well, yeah, but why isn't that story told?" I immediately thought, well, perhaps there is an outlet for more education.

I look at the Rutherford scholarships. I hear very little recognition, in presenting the Rutherford scholarships, for the Heritage Savings Trust Fund, and in fact, I've made it a point now to say that these are a direct result of the Alberta Heritage Savings Trust Fund. These scholarships, from the total scholarship fund which we just examined a few moments ago, which have paid out some \$60 million in excess of 55,000, are a real, positive benefit. But that message is not coming out there.

I think of our airports, for example, some of the finest community airports, backed by the heritage fund. You know, when you travel, say, even across the border to Montana and you fly into Kalispell international or Cut Bank, you realize that these airports, with a much greater air traffic, are just not up to the standard of many of our small community airports backed from the heritage fund.

I could go on, Mr. Chairman, but I think I've made my point in making this recommendation that we have a duty, and our duty is to make sure that as many Albertans as possible know that this heritage fund contributes to their life-style and supplements the income of the general revenue equal to, perhaps, a 7 percent sales tax or equal to an additional family income of \$3,000 for a family of four. Not only does it supplement the income, but it contributes immeasurably to the way and the quality of the Alberta life. I really think there's a lot of room here for a good, well-produced videotape which brings the Provincial Treasurer and the key players onto the home TV set to talk a bit about the heritage fund.

Thank you.

MR. CHAIRMAN: The Member for Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Chairman. I read this recommendation and have a certain amount of reservation about it. I think you have to be careful. At what stage does informa-

tion become propaganda? It makes it very difficult. For instance, the member likes to speak of the income as equivalent to a 7 percent sales tax; the Treasurer tells us that all the time. But if you take your \$1.445 billion that came in from the heritage trust fund last year and recognize that you gave over \$300 million to the Crown corporations which helped to generate that income and subtracted that, you'd have \$1.1 billion. So you have to be a little careful of what kind of information you put into it. You would certainly have to give, you know, a variety of people their chance to have their input into that media thing.

Now, if it were an informational kind of thing that could be used in high schools and debated, with some facts and spokesmen from different parties or different economists that looked at it one way or another, then that would be one thing. But I think about the federal government. The Liberals got heavily into making Information Canada into a propaganda machine. Of course, the Tories didn't really like that, but they have since decided to spend \$10 million to \$12 million propagandizing about the free trade deal. I do mean that in that way. If the information was just straight information, fine, but there is an intended propaganda effect from it, and I don't think tax dollars should be used for that.

I have great reservations about the idea, and unless Mr. Heron is talking about an educational kind of thing that allows a variety of viewpoints and debates information and facts and figures and engenders some discussion which would make all Albertans more knowledgeable, then I couldn't support it. But as it's worded now, it sounds more to me like: gung ho; rally the troops, boys; look what a wonderful thing we're doing.

There are some aspects of the heritage trust fund that are very good; I do not deny that. I wouldn't mind seeing some kind of information available of that type, but it would have to have all sides and all aspects of it debated fairly.

MR. PIQUETTE: I think the trouble I find with this motion is that there's no dollar figure on it. I mean, what are we proposing here? Millions of dollars to develop a series of information films? I think there's a lot better money to be spent in the heritage trust fund than developing an information package or a series of films, et cetera.

I also debate with the Member for Stony Plain that the Alberta public is not aware of what the Alberta heritage trust fund is doing in Alberta. As an MLA traveling Alberta, I think -- you made the example of the Rutherford fund. At every high school graduation it is repeated, year after year, about where those funds come from. It's very well publicized. We have our hopper cars, for example, with the heritage trust fund insignia traveling through Alberta. We have our Kananaskis Country; everybody knows how that was paid for. Even the southern Alberta farmers, when I was down there, were aware of where the irrigation money is coming from. So I'm not quite sure who we'd be trying to provide the information for. Is it to the Canadian public? Is this what it's all about? I mean, I don't think that's the purpose of the heritage trust fund except perhaps in terms of making the east aware of the Alberta heritage trust fund. We don't have a whole storehouse of money sitting there doing nothing, and it doesn't cost very much money to educate the media about the setup of the Alberta heritage trust fund.

So I would disagree with the intent of the motion because I don't think we have a problem with information, and as well, the motion here does not look at the cost of this or the implementation of such a series of informational films and videocassettes, et cetera.

MR. R. MOORE: Well, Mr. Chairman, I'm not going to adjourn because I couldn't adjourn after listening to the previous two speakers. After all, they only underline the need for this motion. Their total ignorance of the heritage trust fund and what it's doing for Albertans and the way they attack it shows that there is a definite need out there. I can see why they fear information flow, because if there was free information flow throughout the country, there wouldn't be many socialists around because all the true facts would be out there. However, since they touched on politics, I had to do it too.

I think there's a definite need for this. There's a lot of misunderstanding, and it's seeded by individuals like we've just heard. And the media seem to have not the right track on the heritage trust fund, so there is a need to get out exactly what the facts are, what a wonderful program it is, and that it is doing benefit to every facet of life in Alberta. It's here working for Albertans. It's in place there, and it certainly does keep us away from a 7 percent sales tax. This is some of the truth that I know the socialists do not like to hear, Mr. Chairman. However, I think there is a need out there for Albertans to find out exactly what it's about and not be misled by innuendos from individuals who seem to think they know about it without having any advertising on it.

MR. R. SPEAKER: Mr. Chairman, I do think there is some merit in this resolution, but there should be some strict guidelines from the committee, and one is that whatever the video shows, it should demonstrate the attributes of that particular project and what we've really done. I think of the current situation with regard to the Prince Rupert grain terminal. I would love to have a video showing the steps by which the wheat is unloaded from the boxcar and then put into the boat, because that is one of the best, most efficient facilities I've ever seen, well managed, and it has the capability there of doing things that I just didn't expect as a farmer. I would love to show that to my farmers, but on that objective basis of what the project did and how it can stand on its own merits.

That's the first thing. Secondly, and I think we could itemize other projects the very same way, because my constituents -- I would love to band together about a thousand of them right now and go and picket that facility, but they can hardly afford to go to Lethbridge, never mind picket out at that facility. But at least maybe I could show it to them so that we could get this strike over with. I'm sorry, Mr. Chairman; that's off the subject, I realize.

The second term of reference should be that the presentation that's made should be made so that we do not get into a political hassle about some of the things we've just mentioned here a few moments ago, the question of how much it reduces the sales tax and so on, so that we move it into the political arena. Because immediately when you do that, those tapes lose their credibility. And if we take it into a community and it looks as if it's promoting one of the parties in this Legislature or negating a party's attitude in this Legislature, the credibility of that presentation is gone at that point in time. I would even think that we should in that presentation think seriously of not having ministers, for example, being interviewed as a preamble to that program and introducing it. Let someone that's the manager of the irrigation district present it, the manager of Prince Rupert present the concept, and use that level of presentation, because that would maintain, I think, more credibility in it. It's one step removed from the political system.

The third term of reference I would see us setting is with re-

gards to expenditure. I relate this comment to the earlier resolution which we had, somewhat similar to this one, when we asked the minister at that time who was in charge of Public Affairs. I believe it was the Public Affairs Bureau. We produced a number of pamphlets on the benefits of the Heritage Savings Trust Fund. They were blue pamphlets that sat in many places across the province of Alberta. I'm not sure, and I haven't a good assessment, but many of those pamphlets sat there, were not read by the general public that we had hoped to have involved in what was in that material. Many of us used it as our political information kit when we went to various meetings; that's all right too. But I'm not sure that everything we produced was utilized. So I would hope that we target these tapes as best we can and keep the budget, in terms of putting it together, to a minimum. That would mean someone having a very firm hand on any public relations group or someone that wanted to produce it, because as we all know, when someone is going to have a contract with government in this type of thing, the expenses go up. That would be the third term of reference that I would see in terms of this kind of motion going forward.

MR. CHAIRMAN: Thank you.

The Member for Cypress-Redcliff.

MR. HYLAND: Thank you, Mr. Chairman. I should first say that I agree with pretty well everything that was said by the Member for Little Bow and would add to it that that's what I would see as an information package: how it affects the public, the person in the public. I don't know why we'd want to get economists involved in giving their views. We could have two views from that. Why don't we get the people involved that it affects and how it affects them and how it works with them? There are not that many economists that make a living on their own. They're always employed by somebody else, either a foundation, a university, or a major company, to dig through a bunch of facts, look at the facts, maybe look at a crystal ball or two, and then give an idea of what may happen in the future. I think what we need in this aspect is how it affects the people.

The Member for Little Bow spoke about the information pamphlets that we had awhile ago. I think some of them were very good in that they showed how it affects people, yet for whatever reason they weren't all picked up and read. But I think they did initially help in doing that.

I suppose my one concern with the thing would be some of the things that the Public Affairs Bureau has done. They maybe had their heart in the right place when they started, but the carry-through hasn't always been what it could have been. Maybe we should have the private sector involved in the development of those things in a more forward manner. Other than that, I don't see anything wrong with the motion.

MR. CHAIRMAN: Thank you.

The Member for Lethbridge-West.

MR. GOGO: Thank you, Mr. Chairman. First of all, when Mr. Speaker spoke of taking a thousand constituents out to Prince Rupert to picket but because of economics they probably couldn't get past Lethbridge, I'm sure he wasn't saying they were going to picket in Lethbridge. I think the record should be clear.

I believe Mr. Heron, in moving this motion, is expanding upon resolution 11 of last year, which was passed unanimously, as I recall, by this committee, that the Provincial Treasurer should undertake a number of speaking engagements, et cetera.

I would refer members to it on page 23 of the report. I think Mr. Heron is simply saying: "Hey, you know, we've gone part way. We want the Treasurer to do this. Let's carry on."

I recall our colleague Mr. Payne, as the former minister responsible for Public Affairs, doing a questionnaire with Albertans on the heritage fund. My recollection, Mr. Chairman, is that very few people were aware of the fund. Again, I think that's what Mr. Heron is talking about. He gave us an excellent example.

Just two days ago Mr. Weiss presented us with his department, dealing with Kananaskis but, more importantly, urban parks. I challenge any member of this committee to say they weren't far better informed because of the urban park presentation regardless of how much they knew about it. I think it was just excellent.

Reference has been made to the hopper cars. What's wrong with the hopper cars? Too bad that in the agreement when we turned them over -- the \$50 million worth -- we didn't make a condition that they'd have to wash them periodically. That's the only thing I see wrong with that. The colour is beautiful, if they'd only wash the best cars.

Mr. Chairman, looking at the motion, I would ask Mr. Heron if he would give consideration, in the second line of his motion, to inserting the word "educational" prior to "informational" so that it's "educational and informational." I see nothing wrong with it at all. I have no difficulty keeping it apolitical. I think Mr. Speaker made some excellent points, that we zero the cassettes in. Maybe what Mr. Heron was talking about was that we could pinpoint the cassettes for specific purposes. He gave an excellent example about irrigation in southern Alberta. That's a major commitment of the heritage fund. What's wrong with having a videocassette that could be shown to various groups that Mr. Ray Speaker talks about?

I won't question or quibble over the wording. I think we discussed before that if editing has to be done, Mr. Chairman, we come to an amendment stage when we can amend it. So I think it's an excellent motion by Mr. Heron. I suppose one sees what they want to see. I don't see the political implications. To me it's an extension of what we recommended last year to the government in motion 11.

MR. CHAIRMAN: Thank you.

The Member for Edmonton-Kingsway.

MR. McEACHERN: Yes, I think some of the ideas put forward by Mr. Speaker have some merit. Perhaps you could keep things to that level or perhaps to the level of the presentation we were shown the other day. But I'm not so sure that that's necessarily very easily done. The temptation, even in something as innocuous as what we saw the other day, is to turn it into a bit of a propaganda sort of thing that's sort of saying, "This is all lovely, and this is what your heritage trust fund is doing for you," without presenting any of the other sides to it. That would just be my concern: you know, the flip and glib statement like, "It's saving us a 7 percent sales tax." That may or may not be the case. Maybe the numbers aren't as accurate as they might be. We've argued about some of those many times.

I've spent a couple of years looking pretty hard at the heritage trust fund, and I don't mean to put down the idea of the heritage trust fund, but there are some problems with it, as has been acknowledged by members on the government side. You would have to be very careful with this kind of idea to make it work and work in fair way. Yes, you could show just a little 15-

or 20-minute clip on that facility. Yes, you could show one on Kananaskis. Yes, you could show one on irrigation. And it could be considered pretty factual and pretty straightforward; you know: this is what's going on. That's fine. I wouldn't find that difficult.

I guess I'm just saying that I've got some reservations about government propagandizing what they're doing. Whether you like it or not, the heritage trust fund has become a propaganda tool of the Alberta government, of the Conservative Party. They put it together. It is there; it is in place. And they make sure that the numbers look good. I mean, I just gave you an example a minute ago. So it's very hard to separate out. I guess that's just all I was raising, that caution.

MR. PIQUETTE: I guess the question I'd like to ask, if anybody knows any of the information, is: what have we spent in the past to publicize the Alberta heritage trust fund? I know Public Affairs has done quite a bit in the past. I recall as a school principal receiving all kinds of papers, pamphlets, and everything else. I know we've done quite a bit in the past. I know anytime a senior citizens' apartment is built, it's got the sign up. You know, every project the Alberta heritage trust fund puts out is publicized.

I just don't know to what extent this motion is really going. I mean, I can see we can develop, through Public Affairs, a resource base of information. For example, that Prince Rupert thing is available free of charge. You could write to the Prince Rupert terminal and get that in your school library, for example, if you wanted to get something like that. I could see it if it had some base, an educational level where it could be put into school libraries and public schools, et cetera. But to go in terms of setting up a whole propaganda kind of machinery, I disagree with.

So I think it all depends for what purpose we're trying to create this series of informational or educational material and what we have done in the past. If we spent a lot of millions of dollars -- I'm trying to remember here a figure of \$10 million, which was a budget set aside to do that kind of thing a few years ago, and I wonder if that's a correct figure. But I was told that through Public Affairs there was money set aside to develop a lot of these brochures, symbols, slides, et cetera, to publicize the whole thing.

Another thing I think we should also consider is that probably the best thing we recommended last year was a 10-year review of the Alberta heritage trust fund, where we could travel, gathering people's opinions and also disseminating information about the real workings of the Alberta heritage trust fund, which was a recommendation our party made last year. I think you would probably have a greater understanding of the Alberta heritage trust fund if we as a committee were not so afraid to do a review of the whole past of the heritage trust fund, how it has worked, and how do we set forth how we will operate in the next 10 years. I think that could be a much more valuable spending of money from the heritage trust fund: to involve the public in a review of the heritage trust fund rather than setting up a number of videos or cassettes or whatever which could have propaganda value only.

MR. NELSON: Mr. Chairman, when I hear the term "frightened to do a review," I sort of get my dander up, because as far as I'm concerned, the member is out to lunch.

MR. PIQUETTE: Not at all.

MR. NELSON: If you'd clam your mouth up, we might be able to get some information out here.

First of all, Mr. Chairman, I don't know that any of us are frightened to go out and discuss with the public, and in particular in our constituencies, the Heritage Savings Trust Fund. I guess I put it in a similar context to going to my schools and discussing the work of an MLA or an elected person and taking along some assistance in the form of slides or otherwise of the Legislature, its building, grounds, et cetera. In all probability, a tool of this nature to assist an MLA to go out and show the community or whoever wishes to have a look and see what the Heritage Savings Trust Fund does -- material of this nature would certainly assist in presenting to those constituents what the Heritage Savings Trust Fund has done, what it is doing, and then have an open discussion. I see no reason to be frightened of going out and having a review.

Now, if we were to say, "Let's take the committee and go out through the province and have a review, go to some town, village, city, whatever the case may be, and make a presentation to those people in the proper context of what the Heritage Savings Trust Fund is, what it is doing, and the moneys that it certainly returns on an investment basis to the province," there's nothing politically motivated in that, in that presenting facts to the community cannot be deemed as a political motivation other than the fact that it's good news. To suggest that it might be politically motivated when giving factual good news to the community and then asking for their input as to how better the fund may serve you -- I don't know why anybody would be frightened to do that, because, as I say, it is a good news item.

I think the only fear is that the members who continue to offer a strong objection to certain areas of the fund are frightened themselves to really go out and tell the truth. Certainly some of the media -- and I'll repeat that: some of the media -- who have social tendencies and leanings, and especially the *Edmonton Journal*, don't give the good news of the fund in any event, because they have those leanings in any event. So in essence, what's happening is that the public is not getting the true facts of the fund anyway.

So I personally don't have any difficulty in going to the community and saying: "Here it is. Certainly I'd like to ask your opinion of additional thoughts as to where we might go and how we might do it." But to go out and offer the programs that have been offered, in the manner in which they have been presented to the community to date, I don't think we have to be embarrassed. I don't think we have to be frightened, and quite frankly I think we can go and proudly exert the programs that have been identified through this fund and the moneys that have been retrieved to the province.

There are certainly areas that I might criticize myself, and I'm sure most people in the Assembly are aware of one particular area that I criticize, not because the total program is a failure but because of certain tendencies of the corporation that are failures. However, at the same time, the overall program I don't feel can be criticized. The people of Alberta have been well served by the Heritage Savings Trust Fund, and I for one would be very, very excited to go out and show some things that the fund is doing and sit and listen to the public and have their input -- no problem whatsoever.

MR. CHAIRMAN: The Member for Cypress-Redcliff.

MR. HYLAND: Thank you, Mr. Chairman. In trying to recall after a few years on the committee the amount spent on the de-

velopment of advertising, if memory serves me right -- and some of the other members that were on the committee previously could help -- I believe that we spent about \$300,000 or thereabouts when those brochures were developed. After that there hasn't been a great deal spent on advertising out of the trust fund itself, but I'm sure that if that's not right, the Member for Athabasca-Lac La Biche will be going back to his researchers, and they'll be digging furiously tonight so that we can debate this again when we meet tomorrow morning and know the right figures and the right numbers.

MR. CHAIRMAN: Would the Member for Stony Plain like to close debate?

MR. HERON: Thank you, Mr. Chairman. It always amazes me how a well intended motion can become so distorted, really, because the motion simply says "encouraged to consider developing a series of informational . . ." I fully concur with the hon. Member for Lethbridge-West that the wording could be changed to "educational." Clearly, after listening to the paranoia and innuendos and suspicion expressed by the two members of Her Majesty's Loyal Opposition, I'm more than ever convinced that God made a mistake when he created socialists. He should have given them two mouths and one ear, more representative of the amount of talking and listening.

However, that said, I would much rather let the facts stand on their own merit, for I fully concur with the hon. Member for Little Bow that we should keep the politics out of it -- a very good suggestion that they not be represented by elected officials in the presentations, that we allow the people who are directly involved, allow the professional standards to apply. I have no hesitation from this very unique perspective of being a member of this committee that the facts will stand on their own.

When we look at a diversified portfolio such as the Heritage Savings Trust Fund, there's bound to be a few mistakes. There isn't a person made who can manage a portfolio and expect a

reward that doesn't take risk, and the risk is that we may have poor grain prices and that we may have a combination of factors which will not permit the Prince Rupert terminal to pay all of their interest. I'm sure Albertans would understand that. Those facts should stand in any good educational video produced. I'm not trying for one moment to escape the facts. The good and bad will carry themselves.

I just say that we have a unique perspective because we have been to Prince Rupert. We've had a chance to look at Kanas-kis. I personally have flown over the Paddle River dam and am amazed that they can take such an uncontrolled body of water that was just ripping up fields, and erosion and everything else, and that now is controlled and preserved and the countryside is beautiful around it. When you fly toward St. Mary reservoir, it is so obvious from 10,000 feet above the ground what pieces of ground are irrigated, looking at the lush crops as the circular irrigators work and the rest of it. I think that's the kind of facts, pictorials, the students and decision-makers of Alberta require.

No, Mr. Chairman, it was not my intention in moving this motion to create a political bandwagon but simply to remove some of the doom and gloom socialist overcast. Perhaps we can present the facts out there and let Albertans be overjoyed, really, at what this tremendous pool of capital has done for them in their everyday lives.

MR. NELSON: I move we adjourn.

MR. CHAIRMAN: A motion to adjourn. I want to thank all the members for some healthy and hearty debate this afternoon. I appreciate the way they all left the politics totally out of the debate. I'm looking forward to some healthy debate as we bring forward recommendations tomorrow morning at 10.

[The committee adjourned at 3:20 p.m.]