

[Chairman: Mr. Oldring]

[2:04 p.m.]

Little Bow.

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

We left off this morning by concluding recommendation 13. The Member for Calgary-Buffalo had indicated that he might be a little late this afternoon, so I think what we should be doing is moving on, then, to recommendation 20. The Chair would recognize the Member for Calgary-Forest Lawn.

MR. PASHAK: Thank you.

MR. CHAIRMAN: Nineteen was already discussed in conjunction with recommendation 7.

MR. PASHAK: I might point out that motion 20 is also very similar to another motion put forward by Mr. Chumir as well, motion 14, that we hadn't quite got to. But if the Chair wishes me to go ahead with 20, that's all right with me.

MR. CHAIRMAN: Okay. Well, then, why don't we leave 20, and to debate it with 14 is right. I appreciate you drawing that to my attention. So we can move on, then, to recommendation 22, which is in with 18. So 23 we should be clear on.

MR. PASHAK: So we're going to move to 23.

MR. CHAIRMAN: Move to recommendation 23, then, and I again would recognize the Member for Calgary-Forest Lawn.

23. That the Provincial Treasurer make public the quarterly reports of the Alberta Heritage Savings Trust Fund within two months of the end of the quarter.

MR. PASHAK: There's not much to say with respect to recommendation 23. It's just that I think it would be of some considerable use to all members of the Legislature if those quarterly reports came out earlier and reliably within two months of the end of each quarter.

MR. CHAIRMAN: Any discussion on recommendation 23? Member for Cypress-Redcliff.

MR. HYLAND: Just a question. I guess I haven't paid close enough attention to look at the dates on those quarterly foldouts. You're talking about the quarterly foldout reports? I always thought they come out fairly close to the date, but you're saying that they should be closer yet.

MR. PASHAK: Well, it's just a recommendation to ensure that they do come out, you know, to establish a guideline for their publication.

MR. CHAIRMAN: Any further discussion? If not, then we'll move on to recommendation... Will the Member for Athabasca-Lac La Biche be coming this afternoon yet, or should we hold his over then?

MR. PASHAK: Could we hold his over for a bit? Could we move to Mr. Speaker's recommendations on 33...

MR. CHAIRMAN: The same thing with Mr. Hawkesworth? Hold them over? Okay.

Recommendation 23, then. I'd recognize the Member for

MR. R. SPEAKER: Thirty-three?

MR. CHAIRMAN: Thirty-three.

33. That strenuous efforts be made to obtain federal funds and support available for a given project prior to commitment of Alberta Heritage Savings Trust Fund resources to that project.

MR. R. SPEAKER: Right. Mr. Chairman, both of my motions, 33 and 34, I guess are in a sense reminders to the provincial government to do certain things. This is a follow-up to the questions that I've raised in committee hearings, where I've noted two examples -- specifically, in agriculture under irrigation rehabilitation and development and, secondly, in forestry -- where I've felt that federal funds have been expended or invested in other provinces in those two areas and not invested to the same extent here in Alberta. I've felt that we've been rather neglectful, maybe, as a Legislature. I guess you could point the finger at the ministers at a point in time that they haven't represented us maybe as well as they should have or been as aggressive as they should have in receiving the funds.

The Premier alluded to this in the answer to one of my questions, that since we've had the Alberta Heritage Savings Trust Fund, the federal government and other provinces have all had this feeling that we have enough money to do it on our own. On that basis we may be shortchanged in terms of our co-operative effort in the programs that have been implemented by the federal government. So this motion is for that purpose, to remind not only we as members but the Legislature and the minister and the Premier that we should make every effort to have similar recognition for our needs here in this province.

I have noted in the resolution that it's prior to committing the Alberta Heritage Savings Trust Fund. I would think I should have amended that, saying that even ongoing current programs of the fund, such as irrigation rehabilitation and development, should not be a deterrent to the receiving of federal funding.

MR. CHAIRMAN: Thank you.

Before I recognize the Member for Lethbridge-West, perhaps on behalf of the committee -- we have some visitors to the public gallery, some students. I'd like to welcome you here this afternoon. This afternoon is the Alberta Heritage Savings Trust Fund select committee that is sitting. It's a 15-member committee. Presently we are reviewing the Alberta Heritage Savings Trust Fund '87-88 annual report, and we're discussing recommendations. So welcome.

Okay. The Chair would recognize the Member for Lethbridge-West, followed by the Member for Calgary-Forest Lawn.

MR. GOGO: Thank you, Mr. Chairman. Mr. Speaker has an excellent idea. I do think, though, there is some wording that if this were to be passed, probably should be changed. First of all, I think it should refer to capital projects as opposed to other projects so it doesn't include investments in that sense. The other comment I would make, if Mr. Speaker would consider it: that federal refusal be formally given prior to -- using those words. In other words, instead of "strenuous efforts be made to obtain federal funds," that "federal refusal be formally given prior to" commitment of the heritage fund.

MR. R. SPEAKER: I would certainly accept those very excellent suggestions as amendments. Right. I would be prepared to reword that if the committee feels that...

MR. CHAIRMAN: Can you perhaps bring something back to the committee, then? I should note that I do have changes in recommendations 3 and 4 as requested by the committee to the Member for Lloydminster.

Member for Calgary-Forest Lawn.

MR. PASHAK: Thank you, Mr. Chairman. I'd just like to say that I also support this recommendation by Mr. Speaker. Just by way of one example that I think would be useful for informative purposes as to why I would support this recommendation, I'd just like to recall our visit to the Ridley Grain terminal, which is really quite an impressive facility, but I couldn't help but wonder why we'd tie up money in a project like that. As I understand it, we have a nonperforming loan, really. We're getting paid back, I guess, but we're not really collecting any interest on the money we've advanced there. I don't know what that loan really had to do with enhancing the Alberta economy or diversifying our economy. It may be a needed project in terms of ensuring that our farmers have greater access to that overseas market, but surely to goodness that is an elevator that benefits all farmers in western Canada, and it should have been provided for by the federal government. Our effort, I think, politically should have been directed at forcing the federal government to shoulder its share of this elevator if it was that needed. I think during the good times when the price of oil was high, we certainly had the leverage that we could have used to force the federal government to carry out its responsibility.

So I think in all the cases where we can do so, whether it's the heritage trust fund or other spendings that involve the transference of federal funds, we should be really alert to making sure that we get our fair share of those dollars to which we're entitled.

MR. R. MOORE: Mr. Chairman, I too agree with this motion. It's a very good motion. However, I think if we were to look at reality, if you wait for the federal government to see eye to eye with any provincial government, you're going to wait a long time for anything to happen. Secondly, the other thing is that we in Alberta know the needs of Albertans and realize them far more than the federal people and put a higher priority on those needs of Albertans than the federal people do. Now, I'm not saying politically; I'm talking about Ottawa as federal people, whoever's in power in Ottawa.

So I could say that if we were to spend too much time on trying to get the federal involvement, a lot of times things wouldn't happen that are very, very important to every Albertan. So I have a reservation with making it as a policy that we do it in every case. I think we should look at the immediate needs and move on it, but do everything we can to bring their participation wherever but not hold up anything.

MR. CHAIRMAN: Thank you.

Any further discussion, then, on recommendation 33?

MR. R. SPEAKER: Mr. Chairman, could I ask if the members of the committee received the response to my request from the Minister of Agriculture relative to the questions I raised on the \$50 million Saskatchewan program? Has that memo...

MR. CHAIRMAN: I believe that it went out, yes.

MR. R. SPEAKER: No? I'll give you my original copy to have tabled and photocopied, and I'll be as fair as I can to the Minister of Agriculture. The question was whether or not the minister had been involved in any of the discussions relative to the \$50 million given to the province of Saskatchewan. As you remember, the minister was not really aware of the program that was going into Saskatchewan and wanted to have more details and wanted to look into it. What that told me was that even right at this point in time we've had irrigation rehabilitation and development as a program in Alberta since 1975, and it has done some very good things in southern Alberta, but there was a situation where the minister was not out there negotiating for us or as a watchdog as to what was going on in the same program area in another province. If he had been, he would have known the details of the program. I mean, that would have been very obvious. So this resolution is just to help all of us remind us of our responsibilities.

Then I think the memo I've tabled will clarify even yet that the minister still doesn't target the program that we had under discussion, and that was irrigation rehabilitation and development. The memo talks about a number of other programs, a very nice political memo but it doesn't target what we have as a responsibility here under this committee. So a little more urging will certainly be good for all of us.

MR. CHAIRMAN: Thank you.

Any further discussion, then, on recommendation 33?

MR. PIQUETTE: Well, I think I would speak on behalf of that motion as well, because I think not just simply in irrigation have we had this problem before of not trying to get our fair share of federal grants. I think the same case could be made relating to Prince Rupert, the grain terminal there. He just mentioned that. So I think it goes hand in hand with making sure we don't commit heritage trust fund money solely because we've got the money, without taking into account that we're not going on a 50-50 type of joint program with the federal government to make sure that we stretch out every available dollar to its maximum use.

MR. CHAIRMAN: Thank you.

Member for Little Bow.

34. That the type of projects approved for Alberta Heritage Savings Trust Fund spending be distinct from the type of projects approved for General Revenue Fund spending and that separate guidelines be established for funding from each source.

MR. R. SPEAKER: Number 34 is a reminder resolution, again, I guess, to the Provincial Treasurer and to all of us as well. Ever since this committee was struck and we had Mr. Lougheed in terms of questioning, this has been one of the questions that we've wrestled with continually over the years, for the past, I guess, 12 years. It's not an easy one. It's not easy to determine guidelines for each one, because government spending is government spending. But I think we can do a better job in that area, so the purpose of the motion that we will send on to the cabinet committee is to remind them that they should be a little clearer on their use of the heritage fund and that possibly guidelines would certainly be of benefit to us in the committee and Albertans in investing the fund for various purposes.

MR. CHAIRMAN: Thank you.

Any further discussion on recommendation 34? Before I move on, on behalf of the committee perhaps I can welcome our visitors seated in the members' gallery. This afternoon the Standing Committee on the Alberta Heritage Savings Trust Fund Act is meeting. It's a 15-member committee, and presently we are reviewing recommendations as a result of our review of the 1987-88 annual report of the Alberta Heritage Savings Trust Fund itself.

MR. PASHAK: Could we just go back to 34 for a moment, just to make one . . .

MR. CHAIRMAN: I'm sorry; too late.

MR. PASHAK: All right.

MR. CHAIRMAN: No. Member for Calgary-Forest Lawn, recommendation 34.

MR. PASHAK: I think 34 does raise an interesting question. Again, by defining expenditures that would be appropriate to the Alberta Heritage Savings Trust Fund as being somehow distinct from expenditures from the General Revenue Fund, it may bring in the whole question of why we have an Alberta Heritage Savings Trust Fund in the first place. After reviewing the Heritage Savings Trust Fund report, and admittedly I'm new to the committee, it seems to me that basically all the amount of that fund could be dealt with or transferred quite easily to the General Revenue Fund or to various departments with the exception of those moneys that are directly invested in Treasury bills and the money market, which comes to something like -- what is it? -- \$2 billion. To me that really is the Heritage Savings Trust Fund. It's just a floating pool of surplus dollars we've acquired that we invest in the money market.

My understanding is that that money was supposed to be there to help Alberta when we have a so-called rainy day, which means that if we experience a shortfall in revenues, perhaps because of the collapse of oil prices, we'd then liquidate some of those funds to allow us to have a balanced budget. So I think this would be a very valuable step to take to clearly define those expenditures and types of projects that could be legitimately funded from the Heritage Savings Trust Fund as opposed to the General Revenue Fund.

MR. GOGO: I take exception, Mr. Chairman, to the comments by the hon. Member for Calgary-Forest Lawn. We all know what is going on now in Canada in terms of the federal election and know as well that if there's a change in administration in this province, in one year the fund would be gone. There's no way at all we could tolerate changing the present system.

The Member for Wainwright this morning pointed out to us the three goals of the heritage fund. From what I'm hearing from the hon. member . . . For example, provincial parks are an operating function of the government out of general revenues. We have the urban parks program. That's a capital investment. We're not operating those parks out of the heritage fund. The investment has been made. If we start fooling around by creating provincial parks, which have a revenue base -- that's why they don't qualify for the heritage fund -- where would we draw the line? I would predict, along with the Member for Little Bow, that those of us who were here when this fund was created would still be here, probably in a difference capacity, to see its

demise.

I think we have to have very clearly stated goals as to the purpose of the heritage fund, and I think they should be in accordance with the objectives quoted this morning by Mr. Fischer. So I would object to any change at all in that.

MR. CHAIRMAN: Thank you.

Any further discussion, then, on recommendation 34? If not, perhaps we can move back and discuss recommendation 24. I would recognize the Member for Athabasca-Lac La Biche.

24. That the government of Alberta create an Alberta heritage foundation for research in the social sciences and humanities. A \$150 million endowment fund provided under the capital projects division of the Alberta Heritage Savings Trust Fund would fund basic, applied, and specific research and would be modeled on the Alberta Heritage Foundation for Medical Research.

MR. PIQUETTE: Thank you. I know this is a motion that I introduced to the committee last year. I know it was turned down, but the whole logic of this motion is very much in keeping with the mandate of the Alberta heritage trust fund in terms that it's money which remains in the trust fund and simply the interest which that fund generates accrues for research. I think the whole need to develop our educational research is very much a part of the whole diversification strategies that we are talking about when we're talking about the mandate of the heritage trust fund.

So really this investment would be a very wise investment for the future generation of our young people and our province because it would make us leaders not just simply in medical research but also in many of the social sciences and humanities departments, which are perhaps what make us distinct from the animal kingdom. We have developed a certain philosophy and certain goals and visions in life which need to keep expanding the human horizon. I feel that this recommendation would not put at risk any of our heritage trust fund money. It would be held in perpetuity, and simply we would, like the Alberta Heritage Foundation for Medical Research, see a fund which would continue to grow, which would provide a sound foundation for research and keep our educated people in the province of Alberta rather than having to go to the United States to get grants for further study. We could have that available here in our universities across the province.

So now that the government or the committee last year moved to uncap the fund from 20 to 25 percent to be made available under the capital projects division, there should be a sufficient pool of money available to enact this very sound proposal.

MR. CHAIRMAN: The Member for Cypress-Redcliff, followed by the Member for Lacombe.

MR. HYLAND: Mr. Chairman, a couple of comments, I think. Firstly, if memory serves me right, this is almost exactly the same as one that the member put in last year. I think one of the questions asked last year was that this, right now, the way it's worded, if it was passed, would stop something else from going on in the trust fund. In the capital projects division, we'd have to find \$150 million immediately to start this thing. That causes me concern because I'm not sure there is that kind of liquid cash in the capital projects division. I think last year somebody asked the question: what about the recommendation saying,

"when sufficient funds are there, when sufficient funds can be built up?" That would make me feel somewhat better about it. I would feel better if -- and I suppose you can't put it in the recommendation, but when you know more about what the member considers as the foundation. Even though it says it would be patterned under the foundation for medical research, who would be the administrators of this foundation? Would it be totally in the university academic community or would it be elsewhere? And would it generate any additional income to replace it like some of the findings they're starting to do on the medical research foundation?

MR. R. MOORE: Mr. Chairman, I guess we can't always be everything to everybody, and I don't think the heritage trust fund can be everything to everybody. Again we have a very high-idealed motion here, but when we look at the heritage trust fund and what it's actually there for and try to relate it to this motion, I think this is totally out of the concept of what we're looking at: taking Alberta's money to benefit Albertans. If ever there was something for the federal people to look at and for all of Canada, fine; they could look at that and fund it. I think the heritage trust fund has a role to play here in so many areas, and we can't spread out our base so thinly, trying to do everything for everybody that we don't do anything for anybody.

You must fully realize that our heritage trust fund now is basically capped. We have the funds in there working, and to bring forward a motion for \$150 million to go into this endowment at this time -- no matter how nice it may sound and how much people might think it's a good thing, it's just one of those luxuries that we can't afford out of the heritage trust fund if we are to make it work truly for all Albertans within the concept of it being capped. A fund there: something would have to be watered down or cut out, and I don't know where we'd go in those areas to get that kind of money.

MR. CHAIRMAN: Thank you.

MR. PASHAK: I'd like to speak in support of this motion, Mr. Chairman. This would be \$150 million that would be spent to truly diversify the economy. It would be employing people in the social sciences and humanities, and out of the kind of research they would do, I think there'd be long-term benefits that would, in fact, in the long term save the province of Alberta considerable amounts of money. If we have no idea about the social trends that are taking place in this province, then there's no way we can provide to meet future needs in a way that's going to be in any sense responsible. So I think funding of the social sciences and humanities is absolutely essential if we're going to have any kind of reasonable sort of society in which we want to live. I mean, for example, we could just talk about a concern of the Premier's which has to do with family life. We all share that concern with the Premier. We'd like to see family life strengthened, but how do you do that?

MR. R. MOORE: Hire more academics.

MR. PASHAK: Well, but how do you do it? The suggestion is that you hire more academics, but what sort of strategy is there for strengthening family life? That we require everybody to go to church on Sunday?

No. I mean, there are all kinds of simplistic solutions that have been put forward, but if we're really concerned about that, then we need empirical evidence as to what works and what

would actually do this. So an expenditure of \$150 million to launch projects such as a study of family life in Alberta, for example, might in the long run truly prove to be really cost-effective in the sense of strengthening family life and eliminating some of the problems that make family life so difficult at the moment.

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

MR. PIQUETTE: Yes. I find it kind of shocking not to receive more support from the Tory members, because we've talked for the last three years now about the need to diversify away from oil and gas, and this is one of the whole aspects of the heritage trust fund. If you look at the total dollars invested in terms of AOSTRA, for example: again, directly back into the oil and gas sector, which can go up and down with the whims of the markets out there. We need to make sure that the moneys we allocate out of the heritage trust fund in terms of investment for the future are truly diversified in different compartments, different departments, different research capabilities. No doubt, as the Member for Calgary-Forest Lawn just pointed out, for example, we need to develop a research project which will look at the future of social trends in Alberta and the rest of the country in terms of developing more expertise so that we can basically strengthen our universities and develop the academia which makes Alberta a society which will have the resources to move forward in the technological world in a very global economy.

Again, this is not a spending of money. I mean, an endowment fund is one very sound investment out of the heritage trust fund which does not disappear. Every endowment fund we've set up has remained there and is not compromised in terms of spending out of the capital base. So, in fact, we are talking here about probably one of the wisest types of decisions this committee made before, which was in the nature of using an endowment fund to fund, for example, the Rutherford foundation, which I find is a form of investing in the future of our young people which is second to none.

So I hope we have a turnaround in the attitude of the members from the government because this has not just been recommended by myself but has been recommended by the universities right across the province. They have seen their research dollars, their capability of retaining our graduates in whom we have invested millions of dollars here in this province -- after we spend millions of dollars to educate in our universities, we're allowing these experts to go down south. If we're going to do anything to retain that kind of expertise here, there must be the kind of research grants available in the various departments at the universities and for all the other individuals who might be doing research of a private nature along the humanities and social sciences to remain here in Alberta and to retain that kind of investment we have made in their future by funding our public education and universities.

So this is money which is not going to be just short-term, five or 10 years and the money is gone and nowhere to be seen. It remains there in the heritage trust fund, it accumulates, and it develops the kind of individuals and the kind of diversity we all want to see this heritage trust fund accomplish to its mandate.

MR. CHAIRMAN: Any further discussion? If not, then we'll move on to recommendation 25.

25. That the government of Alberta create an Alberta heritage foundation for research in the natural sciences and engineering. A \$150 million endowment fund provided

under the capital projects division of the Alberta Heritage Savings Trust Fund would fund basic, applied, and specific research and would be modeled on the Alberta Heritage Foundation for Medical Research.

MR. PIQUETTE: This recommendation 25 is based on the same type of endowment as the first one. It would be a \$150 million endowment fund provided under the capital projects division for research in the natural sciences and engineering.

Now, this is especially one area that we need to do further research about and develop that kind of technology and research in our universities and colleges in terms of private engineers, et cetera, who are in the forefront of developing new technology in Alberta. In terms of talking with the department of engineering at the University of Alberta and the natural sciences departments in Calgary and Edmonton, they indicate a real difficulty here in Alberta, again, in terms of retaining our trained people, retaining the natural advantages we should develop here in Alberta. They indicate the success of the Heritage Foundation for Medical Research as one very solid piece of evidence why the Alberta heritage committee should be moving in that direction of establishing a well-rounded endowment fund covering not just medical research or AOSTRA types of research grants for the oil and gas industries but to develop the whole spectrum of natural sciences and engineering, which is a real foundation of a technological society.

If we're going to remain competitive with the Americans and the Japanese and other countries like Germany, we need to be spending millions upon millions of dollars more in terms of research. Because one thing that Canada has failed to do in terms of keeping abreast or maintaining its competitiveness in the global economy is that it has one of the lowest investments in research of any developed western world. And if Alberta has a part to play in this, it's to make sure that we make the Alberta heritage trust fund that kind of a trust fund for our future development.

I could spend another half hour talking about how I feel so strongly about these two recommendations because to me they should be the kind of mandate that we are looking for, the future mandate of this trust fund. Before we blow whatever money that we have left in our heritage trust fund, which is not very much, in terms of questionable economic investment, let us make sure that we have a strong foundation, that we build our foundation from the ground up rather than from the top down. I think in Alberta here we have set up a very fine educational institution, but research is one area that we need to most greatly emphasize in the future. This is one way of addressing those two needs, by these two excellent recommendations which have come from our universities and colleges of Alberta.

MR. CHAIRMAN: Thank you.

Cypress-Redcliff, Calgary-Forest Lawn, Vermilion-Viking.

MR. HYLAND: Thank you, Mr. Chairman. I tried to listen very closely to what the member said, and I'm not sure if he was listening when I asked the questions on the previous one. I said, one, where are we going to get the money from? [interjection] Maybe the Member for Stony Plain can help us.

I listened to the Member for Athabasca-Lac La Biche outline how he would make a fund. I always thought that to make an endowment fund, you've got to have the cash to put in a portfolio to start it. I mean, you can't just pull it, whoosh, and it comes out of the ceiling somewhere. You've got to have the cash to do it, and in the last two we're looking at \$300 million

that we've got to pull from somewhere to put into a fund so that it can be invested and the interest may go out. Now, maybe somebody who has managed funds before has a different view of it than that, but I always thought you had to have the package; you had to have the nest egg of the dollars before you could start to invest them. They don't come from nowhere, unless I'm sure as heck doing something wrong.

Again, I think it was the Member for Lethbridge-West said who said, "Is this not something that should be done on a federal level in that it's something that serves everybody, not just a specific group, those in Alberta?" Now, I tried to listen to the arguments pro and con on that issue, but I just have concerns -- I know some of this stuff is available under federal research grants -- the same concerns I always had relating to agriculture. We're making it too easy for the federal government to back out on some of the research that they are doing in these areas.

When we get down to the member's other motion, there's another \$75 million capital fund. Now that, granted, may not be all in one year, but it's going to have to come from somewhere too. I just need to get a better understanding of where this money is coming from all of a sudden. Because to develop the endowment fund, I thought you've got to have that cash now and then you live off the interest of it.

MR. CHAIRMAN: Member for Calgary-Forest Lawn.

MR. PASHAK: Thank you, Mr. Chairman. I'd like to address both the specific and the general questions raised by the Member for Cypress-Redcliff. First of all, with respect to the specific question of where the money would come from, I'd just note from page 41 of the trust fund report under the short-term money market securities that there's some \$2.669 billion in that short-term money market. So the money is there, if we want to reorganize it. It's a question, then, of priorities and why we should do that, and that's the general question that the Member for Cypress-Redcliff raised. I'd like to try and answer that, and I think my answer would apply both to motions 24 and 25 as presented by the Member for Athabasca-Lac La Biche.

We talk about the resources of the province of Alberta, and we tend to focus on our agricultural base or our energy base. In doing so, we often neglect what is ultimately the finest resource that we have in this province, which is its people. What makes that resource of people valuable is the degree and the extent to which they're educated and then able to make a contribution back to the society that produced them. For that reason and for that reason alone, expenditures from the Heritage Savings Trust Fund for research and educational development are met. It's a sufficient reason to support these motions, the fact that we'd be enhancing the intellectual development of the people of the province that would make them more productive, let alone the benefits that might come from scientific discoveries that are done through this research.

At this point in our historical development as a province we have to decide whether or not we're going to move into this new world that lies before us, a world that's based on information and the sharing of information and the development and processing of information. Although these two motions, if they're approved, in and of themselves wouldn't do that, they would go some steps in terms of taking us in that direction. So I think that if we're at all concerned about the future of this province, we'd have to support these two recommendations.

MR. CHAIRMAN: The Member for Vermilion-Viking.

DR. WEST: Yes. It's very hard to stand on a soapbox and say that you would never, never support any recommendation that came forward and promoted research and development. But not long ago I met with Tom Chambers. He's the president of APEGGA, the Association of Professional Engineers, Geologists, and Geophysicists — some 25,000 members. Of course, this motion is targeted at engineers specifically and some other applied scientific researchers. One of the things noted was that in the Canada context Alberta was a leader in research by far in dollars applied. Last year we had a document come through that showed Alberta number two in provinces in Canada, with some \$298 million in applied research. The province with 9.5 million people, Ontario, was number one and only surpassed us by some \$40 million. That's quite unbelievable on a population basis.

But let's look at natural sciences and engineering and see if we need another endowment fund. In the province of Alberta through the capital projects division investments we see we have the Electronics Test Centre that the heritage fund has put some \$6 million into; the microchip design and fabrication facilities, \$7.75 million; \$403 million put into AOSTRA, and if that isn't an engineering research facility, I don't know where you'd find one in this world. We have the petroleum research institute, the coal research branch, the Alberta Research Council. We have the frontier engineering research on applied engineering techniques for the oil and gas industry in cold temperatures. I could go on and on, getting into research in natural sciences, extending it right to Farming for the Future, which has put \$43 million into that Food Processing Development Centre, and all the research that's gone into irrigation, heritage fund scholarships, medical research foundation of \$300 million. I don't know what the member is asking, but we can only in history go so far ahead of the rest of the world. We have already done it. This is a mecca for research and development, and we are attracting on a day-to-day basis people from all over the world.

The problem — and I started at the beginning; I'm a little disjointed on this — with the engineers' association. They are not having trouble with the engineers' getting jobs here or finding places in research; they're just out of professionals. We don't train them fast enough right now. Alberta has a shortage of engineers and will have to go outside its borders until our institutions catch up with the training of them to find engineers to work in our research-oriented environment here.

So I'm not totally running down the aspect of research but just pointing out to the hon. Member for Athabasca-Lac La Biche that if he would look at the Alberta context, he would fully understand the level of research we have here and wouldn't be saying that we need more because we don't have enough.

MR. PIQUETTE: I think the Member for Vermilion-Viking has basically just reinforced what the Member for Calgary-Forest Lawn and myself just indicated. The trouble with our research, so far, that we have invested in Alberta has been along the lines of agricultural and oil and gas research. We have created the one for medical research, which is the only one outside agriculture and oil and gas, research money invested. What we need to do is to broaden that because our future does not solely lie in the oil and gas and agricultural sectors.

In terms of developing research in that area there, I'm not questioning the value of those funds expended in those areas. It's just that there's a lot more to engineering and natural sciences in terms of discoveries to be made, to attract expertise from outside our borders to come to Alberta, to make sure that

we have the necessary engineers and the qualifications in our universities to broaden our technology, et cetera, and to come out with new discoveries. This is basically what this motion attempts to do: to make sure that the heritage trust fund has not been solely created for a very myopic type of view of the future development of the economy of the province of Alberta, which is oil and gas and agriculture. That is not where we should be putting all of our future, I guess, eggs in one basket, all about. I think we need to make sure that we have our eggs in many different baskets here in Alberta, and this is one way of making sure that we truly diversify that research, to be number one.

I think this is how the heritage trust fund . . . If we want to be number one, let's make darn sure that we create the heritage trust fund to reflect that attitude of being the champions of Canada and North America in research, not just in two areas but in many different areas.

MR. HYLAND: Mr. Chairman, a quick comment. Firstly, I'm still not sure I got the answer to the question I asked, but secondly, in reading these recommendations over and thinking that it really . . . They're academic, aren't they? I mean, it's missing one major recommendation in the suggestions: how do we do it? If we can pull the money from the investment division and put it into the capital projects division — but we passed a motion last year that limited the capital projects division. We increased the limit some. When we're pulling out of one, cutting one down, and putting more into the other without replacing it, we're destroying that percentage. So the members I think are shortsighted in that they're short one motion, and that is the motion to increase the capital projects division by whatever percentage they're figuring on pulling from one and putting into the other. So I don't know. You know, we have to discuss the recommendations that are before us, but it wouldn't matter what we did with them, because they couldn't be done anyway.

MR. PIQUETTE: Okay; I guess I'll reply to your question. I thought the Member for Calgary-Forest Lawn had replied to you about that. But last year we introduced a motion in correlation with these two motions, which was to raise the cap on the capital investment division from 20 percent to 23 percent. That recommendation was upped by this committee to 25 percent last year, so in fact that recommendation which was made in conjunction with these two last year was carried through by this committee. So in fact the money is there if we want to have the political will to move ahead with those two endowment funds. Of course, the other recommendation that could possibly be followed is that we have a lot of money, \$2.6 billion, sitting in short-term investments, which could be converted into long-term investments, endowment grants, which is already presently available in the heritage trust fund.

MR. CHAIRMAN: Member for Ponoka-Rimbey on recommendation 25.

MR. JONSON: I believe the Member for Vermilion-Viking covered my points, thank you.

MR. CHAIRMAN: Thank you.

Any other discussion, then, on recommendation 25? If not, we'll move on to recommendation 27. The Chair would recognize the Member for Athabasca-Lac La Biche.

27. That under the capital projects division of the Alberta

Heritage Savings Trust Fund a \$75 million capital fund be set up for an Alberta North tourism, recreational, and development program. This capital project would fund diverse thematic; historical; cultural, and recreational parks and projects in order to expand and diversify tourism in northern Alberta.

MR. PIQUETTE: Now, I thought this debate in the committee last year was excellent. In fact, when the vote was taken, a very tiny majority defeated this motion. I hope this year this motion is passed. Because I think when the Premier appeared at the committee meeting on October 21, I asked him the question:

Will the Premier be moving much more vigorously in terms of addressing the disparity in terms of tourism funding out of the heritage trust fund in terms of southern Alberta? Now, I'm not going to argue that these are not good investments but, I guess, in terms that we as northerners are saying that it's our turn now. We do have the beautiful beaches, the captive market of Edmonton here to develop that tourism industry, but we do need the government kind of involvement to make sure it does happen. Is the Premier prepared to take a look this year at recommendations from the committee which would be highlighting that type of development?

The Premier indicated:

Yes, Mr. Chairman. And to Mr. Piquette, I agree with you. We have in the north, and you have in your area, and there are in northeastern Alberta so many potential tourism developments that I'm convinced there has to be a greater shift of both private-sector and government attention to developing those. It's [your] turn; yes.

[Mr. Hyland in the Chair]

In private conversation the Premier indicated that I should resubmit that proposal to the committee for consideration in this year's heritage trust fund hearing. So I basically feel this is not a motion that should be argued in the negative sense this year. It was a recommendation advanced by Mr. Norm Weiss, the former MLA for Lac La Biche-McMurray in 1984, I believe. I think it's time, now, to act in 1988 to establish that kind of fund for '89, to move ahead in that direction of making sure the long-standing grievance in northern Alberta for parks and recreation development is finally addressed. There's a terrible inequity between north and south funding. Even members from this committee know that, and in his statement the Premier basically backed that. That kind of inequity, he realizes, does exist.

So I would hope the committee members this year would pass this resolution and let the cabinet priorities committee make a decision on that rather than defeating it here in the committee and letting this matter die on the order paper once again. Because I know I speak basically in a nonpartisan fashion here. This is something which has been asked for by people in all walks of life and tourism zones in northern Alberta from regional economic development councils, from the Northern Alberta Development Council. It's something which we in the north feel very, very strongly about. As the Premier indicated, it is our turn. We expect it to be our turn and not to be turned down in this recommendation this year.

Now, if anybody wants to make it an even better motion than it is now, upping that to a higher degree, then that should be the case. I would indicate again that last year the committee did raise the cap on the capital investment division to 25 percent, and this fund, by the way, is supposed to be a fund to be invested over a five-year period. So it could be a fund which is established but does not draw down on the heritage trust fund immediately, but over a five-year period. I would urge support for this motion in a very vigorous and enthusiastic, positive

fashion.

MR. JONSON: Well, Mr. Chairman, just a few comments on the recommendation. I guess I'm safe in making comments because I am in between the two great areas of tourism development in the province. Maybe we should have a central Alberta fund too, just to even things out.

But, first of all, there seems to be quite a bit of reference to the fact that the allotment from the Heritage Savings Trust Fund for capital projects has been raised from 20 to 25 percent. I think, Mr. Chairman, careful analysis of that change would indicate that this does not create large sums of money for new major capital projects. In fact, some of the commitments that we currently have will take up the impact of that particular change. So I don't know as that is a really relevant argument. I think if we're going to go into more major capital projects without the fund growing, it's going to require some additional decisions as far as how the fund is divided up.

Secondly, I would not want the impression to continue on record that the government is not doing a number of things in northern Alberta by way of recreation facilities and tourism facility development. I know, for instance, as a couple of examples, that there is a steady influx of funds into that area from our regular programs, and I think the province is doing rather well with the resources that are currently available. I think, for instance, of Long Lake Provincial Park, where there have been several million dollars spent just during the past year or so to expand and modernize and make that one of the finest camping and recreation areas in the province. There are also certain funds and commitments in the area of Lac La Biche. Those are just a couple of examples in the northern part of the province.

The other thing and the main point that I wanted to raise, Mr. Chairman, is that there are so many dreams or versions of what this development would be. Some envision two or three mini Kananaskis developments. This seems to be a recommendation which would envision some sort of plan which would lead to a multitude of projects in the various constituencies across the province, and I'm sure there is that kind of thinking and planning going on in the Department of Recreation and Parks. But I think we really have to decide what the nature of a development such as this is going to be before we make a major move towards the commitment of millions of dollars of capital. There is a tendency in government to always allocate \$100 million for this or \$50 million for that and then figure out what you're going to use it for. I think we're past being able to do that.

So, Mr. Chairman, I am not in favour of this recommendation until we know that we have the plan and the direction needed to bring this about. I think to the extent that funds are currently available, right now there is a great deal being done.

MR. DEPUTY CHAIRMAN: Lethbridge-West.

MR. GOGO: Thanks, Mr. Chairman.

I'm kind of excited about anything that is destined to become number two or number three in terms of an industry in Alberta. Tourism clearly has now been rated as a very high priority, although I am somewhat puzzled because to one who comes from southern Alberta that's perennially dry and flat and hot and goes into northern Alberta, it appears to be heaven, where they have everything now except people. They have trees and lakes, and it's just beautiful up there. It would be a shame, in a way, to spend money on that and ruin it, I guess.

I'd like to ask Mr. Piquette a couple of questions, because it



would be helpful to me. Perhaps he can write them down and answer them all at the same time. First of all, where is northern Alberta? Is it here, is it Smoky Lake north, or where? I'd be interested in a geographic description. Secondly, Mr. Piquette, we have an MLA for every 25,000 people; I'd be somewhat interested in what all the northern MLAs think of your suggestion. Thirdly, Mr. Sparrow as Minister of Tourism is obviously wanting to improve tourism in Alberta. I'd be interested in what, if any, reaction he's had to your request. The fourth one, which is important to us all, particularly as we're running about 100 percent higher in unemployment here than the United States -- we're running about 8 or 9 percent -- is: how many jobs would this create? Because this obviously would be a major thing. If we're only talking about a nucleus handling the income from \$75 million, I assume it wouldn't create many jobs.

If Mr. Piquette, through you, Mr. Chairman, could respond to those questions, I would find that helpful in considering his motion.

MR. PIQUETTE: Okay; a couple of good questions. Where would this fund be expended? The proposal I put forward in a news release indicated that we'd be looking at northern Alberta in terms of basically Red Deer north in terms of these... [interjection] The inequity basically follows that type of designation, Red Deer north, in terms of the statistics we've looked at. If we look at south of Red Deer, over \$469 million worth of heritage trust fund money was expended in that part of the province, and \$69 million in terms of Red Deer north. So I think it covers a fairly large geographical area.

In terms of "Are there any existing plans which we can go on to make some of these come alive?" -- yes. Through the community tourism action plan all kinds of exciting plans have been identified throughout northern Alberta for joint private and community funding which could get supplementary funding out of this special fund, which is not available in the lottery announcement by the Minister of Tourism, which was a provincewide type of community tourism action fund created over five years of -- what? Twenty million dollars spread over a whole province does not answer the needs of northern Alberta.

The Lakeland area structure plan has been put in place for a number of years in terms of the Lakeland region, which covers approximately three constituencies -- St. Paul, Bonnyville, Athabasca-Lac La Biche -- and portions of the Fort McMurray constituency. That one has been on the block for a long time. I know the Minister of Recreation and Parks, Mr. Norm Weiss, supports this. I mean, from what I've heard from sources within the Tory party, I think he fought for this in the cabinet, to try and set up a fund for his version of the Alberta North concept. And I'm sure the Minister of Tourism could do with more money, if it was provided to him, in terms of furthering the tourism potential of northern Alberta. So I think that yes, the plans are there; they are being developed. Perhaps even the money which I'm recommending is insufficient. I've been lobbied that I should be seeking from the heritage trust fund about \$125 million, not \$75 million, but I'm starting from perhaps a more conservative figure at this time. I know that if there was a source, an additional pool of money, it would be a real idea to kick-start a lot of these projects which are on the table at the present time.

So I think that if I can trade off two recommendations this year in terms of getting one accepted out of my three we've talked about today, for sure this recommendation would be the one I would like to see a more immediate response to, because

it's one that's been lobbied for by northern Albertans for many years now. I know that if you took a poll in northern Alberta and ran that before them, you'd probably have about 98 percent approval of this particular recommendation. So I think in terms of public appeal, in terms of support, it's a winner. It would be a winner for the government to move ahead with this, and I rest my case on those few words.

MR. DEPUTY CHAIRMAN: Okay. I wonder if we could give the member's voice a rest, because it's his recommendation first. The change is in the wording to recommendation 33. Just so we can get it read into the record, I wonder if the Member for Little Bow would like to read the proposed changes.

MR. R. SPEAKER: Mr. Chairman, the changes to motion 33 have added the following: after the words "to obtain" we've added "a formal", and then after the word "formal", "refusal of." Then the sentence goes on to read: "funds and support available for a given" -- and I've inserted the word "capital" -- "capital project, prior to commitment of Alberta Heritage Savings Trust Fund resources to that capital project." So there's been an insertion in the original 33 of the words "a formal" and then "refusal of" and then the word "capital" in two cases.

MR. DEPUTY CHAIRMAN: Thank you.

Has everybody got the... Okay. Member for Athabasca-Lac La Biche, number 28.

MR. CHUMIR: Point of order, Mr. Chairman. Were we going to revert back to the normal order or sequence?

MR. HERON: Mr. Chairman, I'd like to just ask on procedure here: are we going to go through these recommendations to accommodate people coming in and out and, you know, debating it at all lengths, or are we going to go through them in an orderly fashion and put the responsibility on the person who proposes the recommendation to be here in order? I mean, what level of accommodation are we going to have? Do we have any desire at all to wrap up this heritage fund committee? I think we have to be somewhat strict in adhering to an agenda.

MR. CHUMIR: What is the difficulty, might I inquire? I assume that is directed at myself, and I see no difficulty presented for the committee at all to accommodate the fact that I had to be absent for one hour this afternoon. I would seek the accommodation of the committee to slot me back in, and that I understood to be the chairman's intention when I spoke to him about 10 minutes ago.

MR. DEPUTY CHAIRMAN: When you asked me 10 minutes ago, I assumed you were thinking it would be after Mr. Piquette's resolutions were through. I didn't realize we were talking about when the resolution was through. [interjections] Sorry. First one and then...

MR. HERON: Mr. Chairman, perhaps we should have a discussion in committee to find out just how we're going to deal with this.

AN HON. MEMBER: Mr. Chairman, on a point of order.

MR. DEPUTY CHAIRMAN: Just a minute. One here -- Calgary-Forest Lawn, Lethbridge-West, and Stony Plain.



MR. PASHAK: Calgary-Forest Lawn first?

Mr. Chairman, just to correct, I think, what you just said -- well, maybe not correct, but just to comment on that -- when I came in, I noted that the Member for Athabasca-Lac La Biche could not be here tomorrow, and I made a request that his motions be dealt with this afternoon.

MR. GOGO: Mr. Chairman, I would move a five-minute recess of the committee so that perhaps members could talk to each other and see what could be accommodated before we continue on with the hassle.

MR. DEPUTY CHAIRMAN: All those agreed?

HON. MEMBERS: Agreed.

MR. DEPUTY CHAIRMAN: We'll recess for six minutes, which will put us to 20 after.

[The committee recessed from 3:13 p.m. to 3:21 p.m.]

[Mr. Oldring in the Chair]

MR. CHAIRMAN: We'll call the meeting back to order if we can, please, and ask everybody to take their seats.

The Chair appreciates all the goodwill and co-operation and assistance that goes into this committee. It's been agreed that, if we can, we'll deal with recommendations 28 and 29 and then go back to the original order of recommendations.

The Member for Stony Plain.

MR. HERON: Mr. Chairman, before we do that, I'd like to make a motion that we start in numerical order and work through the recommendations in numerical order. The reason I make this motion is that we all have time schedules and planning and we all want to prepare for debate on certain recommendations. From time to time it's necessary for all members of this committee to pop out of the committee to get extra resources and meet people on an emergent basis and that. So what I'm saying is that in order to plan for it and for the planning to be fair right across this committee, we start and have some idea where we're starting and where we're going and we proceed through the recommendations. It's only for the next couple of days, and I think the proposer has to take the responsibility of being here.

MR. CHAIRMAN: Before we get into a whole lot of debate on this, because I've already got two more hands up and we did just have a five-minute recess to try to discuss this very issue, the Chair would only point out that again it has been the tradition of this committee that, where possible, if a recommendation comes up and if the mover isn't here, we've always taken the position that it can go to the bottom of the order paper and we'll come back to it at the end. We've also said that if it reaches the point in this committee where we've got only one individual's recommendations left and he's not here, then we go ahead and discuss them in that person's absence. We have tried to show some flexibility and co-operation for all members in dealing with these recommendations.

I recognize the Member for Lethbridge-West.

MR. GOGO: Mr. Chairman, I've been on many all-party committees, and I must say that the Heritage Savings Trust Fund has

been one of the most enjoyable of all because of the spirit of co-operation amongst its members. I don't see why we have to have a problem. Surely we can accommodate everybody within the given time.

I would just point out, Mr. Chairman -- perhaps Mrs. Quinn could note -- that in future when members submit recommendations, perhaps the chairman's prerogative could be used at that time to intersperse various members who are putting them forward so we don't have 12 in a row. I think it's a major commitment by a member; simply because he submitted 12, he's going to have to speak to all 12 chronologically. Surely we can agree amongst ourselves to accommodate everybody in this committee. I have motions there too, and I'm prepared to wait till they come up. That doesn't bother me. But if I had a commitment and I wanted to be absent, I would hope members of the committee would accommodate me.

MR. PASHAK: Well, I wonder if we even need a motion, Mr. Chairman. I would assume that the order is as it's laid out here in sequence, which is based on the order in which these motions were submitted to you, and if any member objects, then I guess that objection would have to take precedence over anything else. So if the particular Member for Stony Plain is unhappy with motions 28 and 29 being discussed now, I think that's his prerogative, and I guess we'd have to go back to our original agenda and scheduling.

MR. CHAIRMAN: Any further discussion?

MR. HERON: For everything. For everyone.

MR. CHAIRMAN: There's a motion on the floor. Does everybody understand the motion? Any further discussion?

MR. PIQUETTE: What's the motion?

MRS. QUINN: That the committee deal with the recommendations in numerical order. Is that correct?

MR. CHUMIR: Does that mean that the alternatives end as of this very moment?

MR. CHAIRMAN: Yes. Are the members all clear on the motion?

The Member for Cypress-Redcliff.

MR. HYLAND: We start from 28 on or 27 on, whichever you want to call it.

MR. CHAIRMAN: No. I'm assuming we'd go back to recommendation 14 and carry on through from there.

All those in favour? Opposed? Maybe I can have a show of hands again. There were a lot that didn't vote. All those in favour? One, two, three, four, five. All those opposed? One, two, three, four, five, six. The motion is lost.

The Chair would recognize the Member for Athabasca-Lac La Biche on recommendation 28.

28. That the land reclamation project be changed to the land and water bodies reclamation project so that it continues to reclaim land not governed at the time of disturbance by the Land Surface Conservation and Reclamation Act; in addition, that moneys be made available for research and reclamation of bodies of water that have been adversely

affected by any man-made pollution where no individual corporation can be clearly held responsible.

MR. PIQUETTE: Okay. I guess we had agreed at the beginning that we'd go through mine, then back to numerical order. So I guess that's what we've decided here. Okay.

Last year the Minister of the Environment, Mr. Kowalski, wrote back to me after this recommendation was put forward to him. He did indicate that he saw some value in this recommendation in the fact that there appear to be some gaps in our present water bodies reclamation project, or I should say we have a land reclamation project but no water bodies. Very often maybe both need to be addressed at the same time in some of these projects. You know, you might have a landfill site which has polluted a water body nearby and you need to be doing reclamation on both projects.

So I believe this recommendation basically -- I haven't talked to the new Minister of the Environment, Mr. Reid -- would provide a source of funding which would address both issues, because very often both of them are interrelated in that on occasion you do have the situation where land reclamation needs to go hand in hand with water bodies reclamation in the same area, or it could also allow the minister, for example, to be looking at a research project to reclaim some of our small lakes or rivers or creeks which have been damaged by pollution. At this time there's a lack of money available to reclaim quite a few of our lakes, which are starting to have a lot of algae growth choking off the fish population. We need to address that kind of need.

So I'm not looking here at a recommendation which is frivolous at all but just trying to round out the whole aspect of the land reclamation project, which has been very successful in Alberta but unfortunately has that gap in that the water bodies reclamation has been left out in that whole reclamation type of project and needs to have more research money available to do the job properly.

MR. CHAIRMAN: Thank you.

Any further discussion on recommendation 28?

MR. GOGO: I'm confused, Mr. Chairman, because it looks like there are two recommendations within one. I'd have no trouble with it if Mr. Piquette were to remove the words in the second-last line, "where no individual corporation can be clearly held responsible." I don't think that's at issue at all if we're going to reclaim the land. Surely the issue should be do we or do we not reclaim the land, not what individual corporation is responsible. If you want to get into it, if the farmer is responsible, then why even bother with the word "corporation"? I don't think blame should be attached. Either it should be reclaimed or it shouldn't.

MR. PIQUETTE: I would agree with that change if that would make a difference to the committee.

MR. CHAIRMAN: So we're going to delete...

MR. PIQUETTE: "Where no individual corporation can be clearly held responsible."

MR. CHAIRMAN: So a period after the word "pollution." Thank you.

Any further discussion on recommendation 28? If not, we'll move on to recommendation 29. The Chair would recognize the

Member for Athabasca-Lac La Biche.

29. That an individual whose land has been acquired by the Alberta Agricultural Development Corporation through foreclosure or quitclaim have the right of first refusal in respect of his former home quarter section in the event that the same is offered for lease or disposal to the public by AADC.

MR. PIQUETTE: Okay. This is one which I guess I've been fighting for since the election, one of the aspects I thought would not cost the government or ADC any money. I failed to get a reasonable explanation from the minister. I was led to believe by the minister that in fact the task force on ADC would address this concern and that in respect of a farmer losing through foreclosure or quitclaim, he would be able to have a right of first refusal in respect of his former home quarter section in the event that the same is offered for lease or disposal to the public by AADC.

I think that still is a very important concern of mine, because I have concern that in fact we have that policy for a certain individual with the right political contacts but it is not a policy by which a farmer, through quitclaim or foreclosure, if he tries to bid on his home quarter, is being given the right to do so.

Now, the argument used about this is: why should we give the farmer who has lost the quarter or has quitclaimed the right to repurchase when in fact he's been delinquent to ADC? Are we not setting up, perhaps -- I'm trying to search for the word here -- a precedent in this whole quitclaim or foreclosure type of situation? But I can tell you one thing. If we had a right of first refusal, what it would actually create is that ADC would be recovering more money than in fact they are now, because this would allow the individual farmer the right, if he can obtain financial backing from a financial institution, to rebuy his home quarter at a higher price, if he so chooses, than the highest bidder that presented the offer. It would give him an option, if he wanted to keep that home quarter, of at least the right to refuse and to counterbid any disposal made to the public by ADC. It would prevent the sad situation, which is still existing even though this year we've had some recovery in the farming economy, of farmers being forced out of their community, out of a generational type of home quarters, and not having the ability to rebuild their operation in their communities. I can tell you that the last seven, eight years, in terms of poor prices, have been at the bottom of this whole foreclosure and quitclaim, and I think you can identify probably on one hand the number of farmers who have had financial difficulties based on poor management. It's been basically poor prices. And this is why I think this recommendation makes good sense, because it costs no money and, in fact, would return more money to ADC than it does at the present time using the present method of not allowing the farmer to make a higher bid than any other ones received by ADC to reclaim his former home quarter. So I don't see the argument why not.

I know last year the reason why some committee members said they would not accept this recommendation was because they believed the minister was coming out with a new ADC proposal which would take care of this problem. Now, the minister did not come out with a recommendation to take care of the problem we're talking about, so this is why I'm bringing back this recommendation. Because I do not believe, for some reason, why the minister or the deputy minister do not understand how this could be so easily incorporated in terms of the mandate of AADC. I cannot understand how it could compromise anything, any of the lending programs of AADC, or

compromise AADC in terms of being able to obtain the highest price for any of the land they had to suffer a quitclaim or foreclosure on.

MR. CHAIRMAN: Any further discussion on recommendation 29? Okay. Thank you.

We'll move back then to recommendation 14, and we'll discuss 14 and 20 at the same time. The Chair would recognize the Member for Calgary-Buffalo.

14. That all investment and expenditure decisions made by the Heritage Savings Trust Fund Investment Committee be reviewed by the Legislative Assembly.
20. That the government of Alberta submit to the Legislative Assembly for its approval the annual financial plan for the Alberta Heritage Savings Trust Fund.

MR. CHUMIR: Thank you, Mr. Chairman. There is no intention here to have the Assembly involved in day-to-day or even specific investment decisions whatsoever. It's merely the proposal that global investment considerations come before the Legislative Assembly at some particular stage in the proceedings. The way in which the Heritage Fund system works in the province of Saskatchewan accomplishes that goal. Under that system the Heritage Fund in Saskatchewan is controlled by the Minister of Finance and is run in a manner similar to our General Revenue Fund. In that situation the Minister of Finance and the finance committee draw up estimates for the Legislature's approval, and the House then reviews these estimates and votes on them. This review is done in Committee of the Whole. That is one process. It's not writ in stone; it's really just a concept that at some stage this matter should be looked at by the Legislative Assembly, and again I emphasize not to get involved in individual investment decisions. That would not be workable whatsoever.

MR. CHAIRMAN: Thank you.  
The Member for Calgary-Forest Lawn.

MR. PASHAK: Well, I'd support whichever of these two recommendations is the broader: mine, which is recommendation 20, or 14. And at a glance, I think mine would be more inclusive, because if they have to present -- and I'm just assuming here that the government has a financial plan. I would hope they would, if they're looking at expenditures and revenues of the Heritage Savings Trust Fund, and I would hope it's more than just looking at immediate expenditures and revenues but is part of some longer, ongoing concept, which would be a financial plan. And I think it's absolutely essential that members of the Assembly get a chance to look at what the government's doing or plans to do with the Heritage Savings Trust Fund and that they bring it before the Legislature so it can be debated.

MR. CHAIRMAN: The Member for Cypress-Redcliff.

MR. HYLAND: Thank you, Mr. Chairman. I guess I had a misunderstanding of the vote that was just taken. I thought we were rolling through from the motion we were on instead of coming back. My motion has been up twice, right up to that motion, and we've dropped back. I would also like to go over to the Alberta School Trustees' Association and get registered. I mean, we're back onto moving it around, and I understood, on voting on Mr. Heron's motion when it was lost, that by voting

against it we started where we were and rolled right through it, not back to 14 and then roll through it.

MR. CHAIRMAN: I'll comment on that in a minute.  
The Member for Lethbridge-West.

MR. GOGO: Speaking to number 14, Mr. Chairman, it's very unique to recall back -- Calgary-Buffalo was created in 1971, and the ...

MR. CHAIRMAN: Speaking on motion 15 or 14, did you say?

MR. GOGO: Fourteen.

MR. CHAIRMAN: Thank you.

MR. GOGO: The one thing that's been common with the four members who have been elected: Mr. Ghitter, Mr. Sindlinger, Mr. Lee, and now Mr. Chumir all want to really do away with the Heritage Savings Trust Fund in terms of the statute. I think we made the argument many times. I respect his view. He says: do away with the investment committee and have this House make all the decisions for, and I quote, "all investment." I mean, I'm at a great loss to understand, if this House can't agree on so many things, how on earth they could ever agree on investments, particularly where they're making some very sensitive investments. The investment committee now is committed by statute that all business of the cabinet -- and that's the investment committee -- is confidential and not to be released for 30 years. I can see this Legislature going in camera, for heaven's sake, and reading about it in the morning *Sun*. I mean, there's no way, Mr. Chairman, the way this is worded, that we could ever allow the Legislature to make all investment decisions of the Heritage Savings Trust Fund. The only alternative I can offer the hon. Member for Calgary-Buffalo is to keep up his good work, and perhaps one day in the next century he'll be a member of the investment committee of a government at some time in the future.

There's no way I can support this.

MR. CHAIRMAN: Thank you.

Any further discussion on recommendations 14 and 20? The Member for Calgary-Forest Lawn.

MR. PASHAK: After listening to the discussion, I'm not so sure that 14 and 20 are that similar. We may have to deal with them independently of each other. Fourteen deals with a review of expenditures and investments that have already been made. Mine calls for a review of the plan of how one is going to be making expenditures in the future.

MR. CHAIRMAN: Thank you.  
Any further discussion then?

MR. CHUMIR: It appears that this motion is a legacy bequeathed from MLA to MLA in the Calgary-Buffalo constituency.

MR. CHAIRMAN: I'm not sure if that's a good omen or not, to the Member for Calgary-Buffalo, but I wouldn't want to comment on that.

MR. CHUMIR: It depends on where it started.

MR. CHAIRMAN: To the Member for Cypress-Redcliff, it was the intent and certainly the understanding of the Chair that we would revert back and follow the order as listed once we dealt with recommendations 28 and 29. If you're requesting that the committee deal with recommendation 35 at this time, I'd certainly be happy to put that forward to the committee, and if we get agreeance, we can move to recommendation 35. Is that what the Member for Cypress-Redcliff was wanting?

MR. HYLAND: I was just trying to make the point that there are others that have been up; there are others that have commitments. Obviously it's a good thing that you took the Chair. I had the other understanding of that motion, and we would really have been in a bind now if I had been in the Chair.

MR. CHAIRMAN: So are you requesting that we go to 35 at this time or not?

MR. HYLAND: Let her go.

MR. CHAIRMAN: The Chair would then recognize the Member for Calgary-Buffalo with recommendation 15.

MR. CHUMIR: Okay. I'd like to talk about 15 and 16 together, if I might, because they're linked. Fifteen reads:

That economic diversification should be re-established as one of the primary objectives of the Alberta Heritage Savings Trust Fund.

Sixteen implements that and is by way of a conceptual proposal for discussion and is not, again, writ in stone. It's just a concept, and that is:

That

- 1) an economic diversification fund should be created whose mandate it would be to make debt and equity investments in an effort to actively encourage the creation of new businesses in Alberta; and
- 2) the economic diversification fund be administered by an economic diversification board whose role it would be to advise the Legislative Assembly on a strategy to promote economic diversification in Alberta and to manage the moneys assigned to the economic diversification fund by the Legislative Assembly.

I proposed this recommendation before, Mr. Chairman, and made it clear in numerous comments in the House that I feel that to some extent the original concept of using the fund for diversification has been lost sight of. I think this, in conjunction with the next recommendation relating to re-establishing the savings aspect of the trust fund, is a means of focusing debate in the form of a total reassessment of those two basic roles of the Heritage Savings Trust Fund. So I would commend this to the committee.

MR. CHAIRMAN: Thank you.

Are we in agreeance to deal with recommendations 15 and 16 together?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Any opposed? Thank you.

I recognize the Member for Vermilion-Viking.

DR. WEST: Yes. I'll address them both together, although there are some variations in the two motions, to the Member for Calgary-Buffalo.

I'm really amazed at these two motions. I've been looking at

motions here. We've had I don't know how many put in; maybe 20. But I'm really amazed at this motion because of the diversification that's ongoing; not something that has to be re-established, in this province from the Heritage Savings Trust Fund.

Secondly, the stated value of the trust fund is \$12.4 billion, with deemed assets of \$2.7 million.

With a lot of the motions that have come forward, you would think we were dealing with a trust fund worth \$70 billion. The province has moved, in the last few years, on many projects of economic diversification within the confines of the moneys that are available from the trust fund. To make two motions, open-ended such as they are, and to insinuate that we have to re-establish economic diversification as one of the primary objectives of the Alberta heritage trust fund flies in the face of what is in this report, in the Alberta Heritage Savings Trust Fund report.

If you open this book up -- and let's have a look at what is being done on an ongoing basis -- I think the answer lies in why we should reject these two motions. Let's have a look and see if there's been any diversification in the last few years in this province.

What is diversification economically? Would it be stimulating small business and stimulating equity funding or venture capital financing? I see Vencap Equities, \$199.996 million. Diversification would not, if we looked across at the deemed assets and look up through such things as what we're doing in tourism, as the opening up of Kananaskis Country recreation development, municipal recreation/tourism area parks, urban parks, Fish Creek Provincial Park... Is that not in the true essence of what we've tried to do in this province in tourism? This year alone tourism is up 20 percent, on our way to a \$10 billion industry by the year 2000.

Forestry, Lands and Wildlife. What more could we have done with the funds based at \$12.4 billion than we've done in the forestry industry in the last few years? We've built an Alberta reforestation nursery at \$14.7 million. We've spent \$24 million on Maintaining Our Forests and, at the same time, started such programs as has been done through Millar Western in the diversification of direct industries that will utilize our forest products.

I could go on and on, through Nova Corporation, IPSCO, diversification in stimulating the agricultural areas, through Farming for the Future, or through such things as Ridley Grain Ltd. But to go on and on would not make common sense here, because I'm sure anybody can read this report, and any one of us that has been on this committee over the last 20-some days will well understand we've gone back and forth over these in detail. That's why it amazes me that motions 15 and 16 would be brought forward in the face of reality.

MR. CHAIRMAN: The Member for Calgary-Forest Lawn, followed by the Member for Lethbridge-West.

MR. PASHAK: Thank you, Mr. Chairman. I think these two motions bring into focus the most critical question to confront Albertans today. There may be even a deeper question that has to be addressed first, however, which would be: is diversification even possible in this province? And of course the answer to that question lies partly in terms of how we define diversification. As Mr. West just mentioned, it is a key question: what do we mean by diversification? I don't think it's diversification to build on our two primary economic bases, energy and agriculture, but that's the direction most of the funding for so-called

diversification from the heritage trust fund has gone in.

To me, diversification would be something quite different. It would be the creation of new employment opportunities in areas that are not completely related to either agriculture or energy. It could be in the field of high technology; it could be in the area of intellectual production. And it's an important question that we have to come to grips with in this province, because Alberta reflects the national and, indeed, the international situation where fewer workers are engaged in the production of goods. We're now moving into employment in the service sector as opposed to goods production. It's really only the production of goods, like the growing of crops, the making of automobiles, the manufactured goods, the drilling, or building the infrastructure, the roads that connect producing plants and producing facilities, that really enhance our wealth. It's not too long ago, at the end of the Second World War, that over 60 percent of our work force was directly involved in goods production. But today it's probably about 20 percent, which means that every worker who's producing real wealth in effect is carrying four or five service workers on his back, and this situation can't go on for long. We've got to begin putting people back into occupations that are truly creative and truly productive of new wealth.

This problem is further compounded here in Alberta, as I've pointed out on a number of occasions. When our energy is in great demand and willing buyers out there are willing to pay top prices, we do very well as a province. But our key problem, and the problem the Heritage Savings Trust Fund should be addressing, is: what do we do when energy prices are low? How do we provide jobs for our people? How do we expand our tax base so that we can provide to our citizens those services that are essential to them: the hospital services, the schooling, the social services that we've come to expect and depend on from the province? So if we're looking at diversification, first of all, then, we have to ask: is it possible in a province with this size population and this far from the markets to really go off into new directions? I think we could do it if we had a national economic strategy, but we'd have to be willing, then, to play ball with the federal authorities, and so far Alberta hasn't been willing to do that.

So in the absence of that, I think the first priority should be to commission some study, get our economists in the universities and the private sector to look at this whole question of economic diversification: is it possible to diversify the Alberta economy in any significant, meaningful way? I mean, if it was there economically, and if you're a true small "c" conservative and you believe in the marketplace, it already would have occurred. But it hasn't occurred, and we haven't been using the Heritage Savings Trust Fund for that purpose.

So I think it's really important that we take a good, hard look at this whole question of diversification and the possibility of diversifying the Alberta economy, and if it's found that we can do that, then move into the kinds of recommendations that are

proposed by the Member for Calgary-Buffalo.

MR. GOGO: Speaking to number 16, Mr. Chairman, as long as this government's in office and I'm a member of the government party, I would oppose motion 16. However, I have a great fear. If I thought for one moment that either of the two opposition parties would form the next government, I'd endorse it immediately. Although I have lots of faith in the investment committee at the moment, I don't want to see the demise of the fund, and if I felt in any way that either of the opposition parties would form a government in this province, I would immediately endorse this recommendation.

MR. CHAIRMAN: Any further discussions, then, on recommendations 15 and 16? Perhaps it might be an appropriate time, then, to adjourn for the day. The Chair would point out that we've now dealt with 28 of our recommendations. Three recommendations were withdrawn, and it leaves us 13 recommendations to go. I've also distributed copies of some of the recommendations that have been reworded. There'll be a new draft out tomorrow encompassing those changes, and we'll make sure we bring that with us.

I recognize the Member for Ponoka-Rimbey.

MR. JONSON: Mr. Chairman, I would -- I don't know if it's to give notice -- just make the comment that I would suggest we adjourn at 11:30 tomorrow morning, given the commitments that many members, I think, probably have for the noon period tomorrow. I just make that as a suggestion, but if we're having problems with attendance today and getting through the recommendations, we'll have a lot more around the noon hour tomorrow.

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Well, perhaps if we're efficient, we might even find that we could be done by 11:30 tomorrow. But if there's agreeance to that, tomorrow's meeting then will go from 10 a.m. till 11:30 a.m., and we will plan on reconvening at 2 p.m. until we're completed.

The Member for Little Bow.

MR. R. SPEAKER: Another subject: the date of voting on the recommendations. I recall at the end of one of the earlier meetings you made some remark about that. Is that date set yet?

MR. CHAIRMAN: It hasn't been set at this time, and perhaps we can discuss that tomorrow as well.

MR. CHERRY: I move we adjourn.

[The committee adjourned at 3:57 p.m.]

