

[Chairman: Mr. Ady]

[10 a.m.]

MR. CHAIRMAN: We'd like to call the meeting to order. With the indulgence of the committee, the Chair would like to deal with the budget which was deferred until today. I believe the legislative clerk has put it on your desks, and you have it available to clarify.

Before I recognize the Member for Lacombe, we're dealing with approval of the budget for the year 1990-91. The budget that we're working in this year was approved by last year's committee. So let there be no confusion in that area. We're dealing with a budget that amounts to some \$113,368. Correction. That was the previous budget. The budget number is \$152,197. Is everyone clear on what we're dealing with? That previous number I gave you was a subtotal; my error.

MR. FISCHER: I'd like to make a motion.

MR. CHAIRMAN: I'm sorry, I have to recognize the Member for Lacombe. I had previously recognized him.
Member for Lacombe.

MR. MOORE: Mr. Chairman, we've had ample time. I know I did over Saturday and Sunday. I spent the two days looking at this budget in depth. I think it's a fair, realistic budget, and I move we approve it.

MR. CHAIRMAN: Any discussion on that motion? Question? All those in favour? Those opposed? Motion carried. The budget's approved.

The Chair has some difficulty with the next item I had on the agenda. That has to do with amendments. You'll recall it was agreed at our last meeting that we would amend only the first 15 at that meeting and that we would allow amendments on the balance at today's meeting and then there would be no further amendments. I can only say that it's necessary we have all amendments in place prior to discussing the recommendations. So it would seem we have no alternative but to approve all of the recommendations as they're presently printed, unless someone has amendments on the balance that they'd like to make at this time.

The Member for Calgary-Foothills.

MRS. BLACK: Mr. Chairman, I so make that motion.

MR. CHAIRMAN: Thank you. Any discussion on the motion?

AN HON. MEMBER: Question.

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

MR. CARDINAL: I have a couple of amendments to make.

MR. CHAIRMAN: Okay. It would be a proper time now to . . .

MRS. BLACK: I will withdraw my motion.

MR. CHAIRMAN: The Member for Calgary-Foothills will withdraw the motion to give you an opportunity to make your amendments.

The Member for Athabasca-Lac La Biche.

MR. CARDINAL: Thank you. Item 31 on your sheet of motions:

That a scholarship fund be established for northern Albertans under the Alberta Heritage Scholarship Fund with a view to encouraging greater participation in university education among northern Albertans who demonstrate merit, that the Canada-Alberta northern development boundary be utilized to identify the eligible area, and that the fund does not duplicate other existing programs.

MR. CHAIRMAN: Okay. Thank you. Do you have another amendment?

MR. CARDINAL: I have another amendment on 32:

That a northeastern lakeland region be developed in the Pinehurst-Touchwood-Seibert lakes area to provide recreational opportunities and conservation programs for all northern Albertans to enjoy. The program should be phased in, possibly over five years, with an estimated budget of \$23 million.

MR. CHAIRMAN: That would be an amendment in the form of an addendum to that recommendation, then, hon. member. All right. Thank you.

Any other amendments from any of the members present? If not, I would recognize the Member for Calgary-Foothills.

MRS. BLACK: Mr. Chairman, I'll go back to my original motion now. I'd move that we accept the recommendations for discussion as amended and that no other amendments be made to the list of the recommendations.

MR. CHAIRMAN: Thank you. Any discussion on that motion? Be clear that the motion includes that there'll be no further amendments made on any of the recommendations.

Question. All in favour? Any opposed? Motion carried.

It's the recommendation of the Chair that we defer the pooling discussion on recommendations until this afternoon's meeting. The Chair has done some work on pooling, and hopefully some of the committee members have given some consideration to that. It's also anticipated by the Chair that we could reduce the number of recommendations considerably by using the pooling method. However, under the circumstances that prevail in the committee this morning, the Chair would recommend that we defer that until this afternoon and just begin discussing those recommendations, beginning with number 2 and following through the list for this morning.

Is there any discussion on that recommendation from the Chair? Agreed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Thank you.

One other item that the Chair wanted to discuss – and I'd like to discuss it this morning and this afternoon. In view of the rate that we're moving through these recommendations, it would seem advisable that we set an extra day to discuss recommendations. The legislative clerk has polled the committee for two dates, and neither of them has worked out. I'd like to present a third alternative to the committee, that being December 6 for both morning and afternoon. Would those in the committee who could be available that day please make it known by raising your hand so we can get an idea of who could be available that day?

AN HON. MEMBER: December 6?

MR. CHAIRMAN: December 6. There would be a 10 o'clock meeting and a 2 o'clock meeting. Thank you. We'll also discuss this this afternoon in the event that some of the members that are not here this morning may be in attendance this afternoon, and we'll get a broader understanding of who can be available. Then we'll move to set a date.

Let's move to the recommendations. I recognize the Member for Calgary-Fish Creek for recommendation 2.

MR. PAYNE: Thank you, Mr. Chairman. I haven't quite survived the Calgary to Edmonton drive this morning.

Mr. Chairman, did you wish me to read into today's *Hansard* the resolution?

MR. CHAIRMAN: Yes, please.

MR. PAYNE: Mr. Chairman and members of the committee, resolution 2 reads:

That the Alberta Heritage Savings Trust Fund liquidate its equity position in Syncrude and that the resultant proceeds be used to increase the principal of the fund and to expedite additional heavy oil and oil sands projects.

Members, of course, will be aware that according to the most recent annual report of the fund, our Syncrude investment represents a \$512 million investment as of March 31, 1989. Members will also recall that the government's rationale at the time of originally making such an investment was that without government involvement through the heritage fund with the other private-sector investors, this critically important project in all likelihood wouldn't have got off the ground, and in retrospect I think it's an entirely appropriate use of heritage fund dollars. Obviously the Syncrude plant is now a stable, successfully operating facility, and I believe it's time to question whether this is now a proper role for the heritage fund's half billion dollar investment.

I'd like to suggest that perhaps it is time to liquidate the government's equity position, because I'm sure members will concur that the 1990 economic conditions are such that this might be, in purely business terms, a good time to consider such liquidation. I'm referring, of course, to the fairly optimistic outlook for oil prices and increasing global recognition of the long-term value of our heavy oil and oil sands resource. In short, Mr. Chairman, I think it is time to liquidate our Syncrude position.

Now, the recommendation also suggests two courses of action for the resultant liquidation proceeds.

I'm not sure whether I'm getting in everybody's way here, Mr. Chairman, but nobody's listening. Maybe I should hold off for a second.

MR. CHAIRMAN: The Chair was distracted momentarily. Please proceed, hon. member.

MR. PAYNE: Well, let me summarize by saying that my resolution suggests there may be two alternative uses for the resultant liquidation proceeds.

First of all, I would think that immediately on liquidation these proceeds would be returned to the principal of the fund. Now, I've been advised by a second-hand source that there may be some government accounting or procedural problem with that action, but I am confident that could be easily resolved by the Treasurer and Executive Council. Subsequently the proceeds

could be used to get one or more new similar projects off the ground, projects that are in similar circumstances to those that were facing the Syncrude proponents years ago.

That concludes my comments on draft resolution 2, Mr. Chairman.

MR. CHAIRMAN: Thank you, hon. Member for Calgary-Fish Creek.

With the committee's indulgence, the Chair would like to recognize that we have been joined by a group – a school class, I presume. We'd like to welcome them and to advise them that the proceedings they are watching is a meeting of the Alberta Heritage Savings Trust Fund committee, which is an all-party committee. We meet to discuss the spending of the Alberta Heritage Savings Trust Fund and to make recommendations. Today we're discussing the recommendations that have been put forward by the committee.

We'd like to have the members in the gallery rise, and we'll give them the warm welcome of this committee. Thank you.

I recognize the Member for Wainwright.

MR. FISCHER: Thank you, Mr. Chairman.

I have to commend the member for bringing this resolution before our committee. I believe that at some point in time we should be privatizing, if you like, this investment. I guess it's very important to us, the timing of when we do it. Through a lot of the figures and numbers that we have gone through in the past few years with low oil prices – and there has been a very low income off of that; in fact, a year or two they've had a bit of a loss, and it has brought down the cost of production a lot – I think that we as a government should sell that when the oil prices are up and the thing is on its way, making money. Certainly we have gone a long way this past year, but in my estimation we should get back our return out of that investment before we would dispose of it. Now, I think we would have to set up a pretty elaborate investigation on it and try and put our numbers together so the timing would be proper, and I would suggest that I don't see that timing being immediately.

Thank you.

MR. MOORE: Mr. Chairman, the Member for Wainwright covered the points very well. I support this motion because I think all our projects under the heritage trust fund, whenever they can be self-standing, should be let operate on their own and that money be turned into the fund to be utilized in other areas. We do have a considerable amount of opportunity to develop oil sands further, and that money coming back into the fund would give us that capacity to do it. So I support it fully.

MS M. LAING: Mr. Chairman, I guess one of the concerns I raise would be in the context of the worldwide concern about the environment, particularly the greenhouse effect and the burning of fossil fuels and how that exacerbates the greenhouse effect. I think we need to look more carefully into this at a time when we have a growing concern about this in fact devastating effect on our climate and the possibility for our future, and an interest in alternate forms of energy. So I would have to be opposed to this on those grounds at this time. I think we need to be very careful before we invest in something that might not be very acceptable in the very near future.

The other concern I have is that we have this involvement in Syncrude. It's like taking from Peter to pay Paul, and I'm not sure that's the wisest thing to do.

MR. TAYLOR: Mr. Chairman, speaking on the motion, I would support it. I don't know how - I'd love to amend it in a way, because I believe that in selling Syncrude, we shouldn't sell it, though, to the partners in the consortium. I'd like to see that offered to the public of Alberta very much the same as the old Alberta Gas Trunk was. Actually, then, in those cases when your market is down is the best time to sell. As anybody's known, floating your stocks on the stock market, people buy when there's a chance they're going up; they don't buy when it's already at its high and it's going down. Consequently, it would be a good time to sell it, but I don't like the idea of selling it to another multinational or to another foreign company. We have very little Canadian or Alberta participation in the tar sands directly anyhow, outside government, because of the size of the thing. This would be an ideal thing to sell directly to the public of Alberta through something like the old Alberta Gas Trunk. So I would support it.

MR. CHAIRMAN: The Member for Ponoka-Rimbey.

MR. JONSON: Yes, Mr. Chairman. I support, I suppose, what's the main concept in this resolution, and that is that we should be looking to liquidate the fund's investment in Syncrude. However, I have two concerns about the recommendation which would cause me not to support it in its present form. One is along the lines that have just been outlined by the Member for Westlock-Sturgeon, in that although the wording of the recommendation certainly doesn't prohibit a strategy or a program being developed to encourage investment by Albertans rather than multinationals, it would have been good if there had been some direction of that nature in the recommendation.

My other concern, though, Mr. Chairman, is that I believe there are two parts to this particular recommendation. The liquidation, as I've said, I certainly support. But I do not think we should make a decision to tie the total proceeds of that liquidation of equity to additional heavy oil and oil sands projects. I believe there should be the flexibility to apply this money perhaps in that area, but we have a number of recommendations saying that we should be looking at building up the income of the fund and building up the liquidity of the fund. Therefore, I do not support that particular specificity in terms of how these proceeds would be used.

MR. CHAIRMAN: Thank you.

Since there's no more discussion on that particular recommendation, the Chair would ask concurrence of the committee to defer to another item of business, that being a discussion on pooling some of the recommendations in order to shorten the list. A list is being passed out for your consideration, because the Chair did some work on this and thought that it would at least create a means for discussion on pooling these.

If I could just explain the format of the handout that's been given to you, first of all, let me say they've been grouped by subject. Any of those subjects that have two numbers means that it's recommended for your consideration that those two be grouped together. As you go through the list, hopefully you can pick up what I mean. For instance, if you turn over to page 2 and you see the heading of dryland farming, you will notice that recommendations 23 and 41 have been grouped together with consideration that they could be pooled for joint discussion. Where there is only one listed, then the Chair could not find another common one to be discussed. Is everyone clear on the intent of the handout?

The Member for Edmonton-Avonmore.

MS M. LAING: Are you saying that we would be discussing subject areas and that the discussion would be more general around the resolutions that fall under . . . I'm not clear.

MR. CHAIRMAN: No, the Chair isn't suggesting that. The subject areas were just put in place in order to facilitate the pooling, but you would still discuss the actual recommendation as it was originally submitted. But hopefully there are two or more which might have the same meaning.

The Member for Westlock-Sturgeon.

MR. TAYLOR: Yes. I'd gone through it, like you, on the weekend. I guess I was prepared to withdraw our 41 in favour of 23 by the hon. Member for . . . Oh, no. That's putting it together, I guess.

MR. CHAIRMAN: Yes.

MR. TAYLOR: Yeah, you've already done that. I just wanted to go on, though, and say that I thought our 52 - the old one; that was Taylor-Mitchell: deemed assets - could be withdrawn in favour of Mr. Pashak's number 13, because they're almost identical. In other words, 52 and 13. Have we grouped them here?

MR. CHAIRMAN: What page is it on, hon. member?

MR. TAYLOR: On the draft, number 2. I don't have page numbers on it.

MR. CHAIRMAN: Well, on the handout that was just given to you. Let's work from that, so that we're all working from the same piece of paper.

MR. TAYLOR: Oh, on the handout. Numbers 52 and 13. I was ready to withdraw 52, but I can't find . . . Oh, we've got 13 and 34 there, eh?

MR. CHAIRMAN: On that handout that was given, 52 and 16 were grouped.

MS SKURA: And 43 and 52 were also grouped on page 9.

MR. CHAIRMAN: Yes.

MR. TAYLOR: I think that's one we missed, because 52 as we had in our draft - the deemed assets one - Mr. Pashak had already moved it in his number 13. So 52 - is it on here at all?

MR. CHAIRMAN: I'm sorry; you're correct. You want to group 52 with which other one?

MR. TAYLOR: I'd like to group it with number 13.

MS M. LAING: Okay. It's at the bottom of page 9 and at the top of page 10.

MR. TAYLOR: Is it?

MS M. LAING: Fifty-two is on page 9 at the bottom: deemed assets.

MR. TAYLOR: We had about three that were redundant, that were already covered by . . .

MS M. LAING: And then at the top of page 10 there is, "Moved by Mr. Taylor and Mr. Mitchell . . ."

MR. CHAIRMAN: Suppose that we back up just a little bit.

Hon. Member for Westlock-Sturgeon, you have some recommendations you submitted that you see fit to withdraw. Perhaps if we deal with it on that basis and you just proceed to withdraw them, if you're comfortable that they're being dealt with in some other recommendation, then we can move from there.

MR. TAYLOR: We'd like to withdraw in the draft our number 41, which you've already grouped with 23 anyhow, and number 52, which has already, I guess, been grouped with 13 as shown on page 9. The other ones I wanted to withdraw are 58, which coincides with the hon. Member for Clover Bar's number 6 pretty well, I think, where we're going to fund a foundation for environmental research and life-style education. Since his number is ahead of our number, we withdraw in favour of him and look for a favour down the road.

MR. CHAIRMAN: So that the committee's clear, the hon. Member for Westlock-Sturgeon is prepared to withdraw recommendations 41, 52, and 58. Now, as I understand it, any member has the right to withdraw, and it's not necessary for a motion to be passed on that, so we accept that from the Member for Westlock-Sturgeon.

Are there any other members who wish to withdraw any of their recommendations? All right, then let's move to the list . . .

MR. TAYLOR: I'm sorry, Mr. Chairman. I know you're not accepting amendments, but there are a couple of typographical errors that I'd like to correct. It's our fault. In numbers 46 and 48 we've got "carbon monoxide" while really it's "carbon dioxide."

MR. GESELL: On a point of order, Mr. Chairman.

MR. CHAIRMAN: Yes, Member for Clover Bar.

MR. GESELL: We passed a motion with respect to amendments. Maybe it might be more appropriate when we get to that particular recommendation that the member point out what was intended by the motion. But I think we've dealt with the question of amendments, and it has been voted on.

I appreciate that typographical errors maybe should be considered; nevertheless . . .

MR. CHAIRMAN: Perhaps the committee would indulge on typographical errors not being amendments. I appreciate that we must be careful to stay within the bounds of our previous motion, that we'd not let a typographical error constitute an amendment. I believe the hon. Member for Westlock-Sturgeon is sincere in his intent to point out a typographical error there. Does anyone in the committee have a problem with accepting that as a typographical error? All right.

MR. TAYLOR: There's a second typographical error within that too. Rather than "emitting them" it should be "emitting it," but maybe that's grammatical.

The other was number 48, which says, "the effect of committed sulphur," and that's "the effect of air emitted sulphur." Emitted

rather than committed.

MR. CHAIRMAN: Anyone have any problem with that?

MR. TAYLOR: I'm sorry to stall, but I thought if someone were spending a weekend reading this thing, deliberating what he was going to give a major speech on in the following week, it might be nice to have the right base.

MR. CHAIRMAN: Any others, hon. Member for Westlock-Sturgeon? All right.

Would the committee agree that we could perhaps move through the handout and discuss the recommendations from the chairman for pooling? On page 1, the front page, there are no recommendations for pooling, except that under Agriculture it would appear that 39 and 40 have a great deal in common. I would presume that we should have the Member for Westlock-Sturgeon give consideration to that.

The Member for Athabasca-Lac La Biche.

MR. CARDINAL: I'd like some clarification on the term "pooling." Pooling sounds to me like we are going to bloc vote on recommendations. I would suggest that maybe we use "reorganization" of the recommendations, because from what I understand, we're going to discuss and vote on individual recommendations, so it's not really pooling and bloc voting. Or is that the intention? No?

MR. CHAIRMAN: It would be expedient, if there is agreement, that two recommendations be joined together if the sponsor of one of those recommendations withdrew one of them and let us vote on one of the two or one of the three, whatever the case might be, if the sponsors are comfortable with that.

MR. CARDINAL: Okay. Agreed then.

MR. CHAIRMAN: Okay.

Member for Westlock-Sturgeon, do you have any concurrence with bringing those two together, or would you rather have them debated separately?

MR. TAYLOR: I'm sorry, 39 and 40? At the bottom of the page and at the top?

MR. CHAIRMAN: Yes.

MR. TAYLOR: No, Mr. Chairman; I think they're quite distinct. The one refers to the fact that we bring in much more private capital into loaning to farmers and that the Agricultural Development Corporation, instead of putting up the principal as well as the shortages of interest in some cases, confine itself to subsidies and get out of the direct lending and subsidizing interest and guarantees, whereas the other is strictly a case of what happens when there is a foreclosure.

MR. CHAIRMAN: Okay. The Chair accepts that. It's not the intent that this be force-fed. If the member is not comfortable, then presumably we should give other considerations.

I'll recognize the Member for Ponoka-Rimbey.

MR. JONSON: Mr. Chairman, I think the second document on recommendations, where you've grouped them under title or department, is quite useful to the committee, and it will help, I

think, facilitate debate. I would suggest, however, at this point in time that we move along with the recommendations where there is not a question of pooling and allow the committee members time to look the list over. Perhaps prior to the meeting this afternoon you could check with people who are affected by the pooling proposal to see if they want to proceed with it or not. But I don't think we're going to use our time effectively this morning, given that we've just had an opportunity to look at it for the first time.

MR. CHAIRMAN: I think that's an excellent suggestion. Unless there's opposition from the committee, the Chair will move with that recommendation, and we can proceed with discussion of the recommendations with the anticipation that members will come to the meeting this afternoon prepared to discuss this handout and the proposal that certain recommendations be pooled.

I recognize the Member for Athabasca-Lac La Biche.

MR. CARDINAL: I've just one question. You will have the amendments that were made this morning changed on this afternoon's sheet, will you?

MR. CHAIRMAN: Yes. I believe that we can have that done by this afternoon's meeting and be able to pass out the new, revised recommendations with the amendments. Okay? All right. Based on that, we're ready to move back to the recommendations and proceed to discuss them.

I recognize the Member for Calgary-Fish Creek and ask that he read his next recommendation into *Hansard*.

MR. PAYNE: Thank you, Mr. Chairman. Recommendation 3 reads

that a new division be created in the Alberta Heritage Savings Trust Fund, the economic diversification division, and that investments from this division be made in projects designed to expedite the diversification of the economy of Alberta.

I think that's a fairly self-explanatory recommendation, but maybe I could make one or two brief comments. I do initially want to recognize that over the past decade economic diversification in Alberta has moved from a glowing concept and political rhetoric to an actuality. One only has to look at what's happening in forestry, tourism, advanced or high technology, agricultural processing, medical research, and so on. There's no question, I think, that our utter dependence on oil and gas revenues has considerably diminished in recent years. The heritage fund has obviously played a role in that process.

However, now that we have in Alberta momentum towards genuine and comprehensive diversification – it's obvious that that's a dynamic reality – my interest in this recommendation is to add to that momentum. This new division that I'm proposing would hopefully lead to even greater progress in the area of diversification and also might, I think, Mr. Chairman, send a signal to the electorate at large that as a government we are totally committed to diversification of our economy.

MR. CHAIRMAN: Thank you.

Other discussion on this recommendation? Member for Clover Bar.

MR. GESELL: Well, Mr. Chairman, I'd like to speak against this recommendation to some degree. The reason for that is that under the present objectives and divisions and what the investments under those divisions must do, it appears that we've

quite adequately dealt with diversification. Now, I should stress that I'm very much in favour of diversification, but I think we've done – and the member has alluded to that – an excellent job. We have momentum, and there is a dynamic reality that diversification is paying some benefits to all of us.

Let me just go back to the original objective. It's one of the three that were established some 13 years ago, and that was "to strengthen and diversify" Alberta's economy. When I look at the divisions that have been created, the majority of those, if not all of those, are in line with that objective. That objective seems to be the emphasis or the priority for those particular divisions. The Alberta investment division and what the investments must do under that division: "strengthen or diversify the economy of Alberta." The Canada investment division indicates that it should "yield a reasonable return or profit." The commercial investment division: the same concern about return or profit. The energy investment division: "facilitate the development, processing or transportation of energy resources within Canada. Yield a reasonable return or profit." Capital projects division, cash and marketable securities . . .

I believe all of those divisions, Mr. Chairman, are there and either have as their first priority or at least their second priority economic diversification throughout Alberta. I think we've made fabulous and great progress in that regard. I do not see where creating a division that deals specifically with economic diversification would benefit us further. I know the thrust, the emphasis, is already there in the existing divisions. As I say, we've made good progress, and I accept the statements that have been made by the Member for Calgary-Fish Creek. But I do not think at this point in time that it would be appropriate nor of further benefit to create that separate division.

Thank you.

MR. CHAIRMAN: Thank you.

The Member for Athabasca-Lac La Biche.

MR. CARDINAL: I would speak in favour of the motion, and I commend Mr. Payne for his recommendation and foresight. Although the economic diversification plan in Alberta is moving forward, we still face some regional disparities where you can see in the past number of years that the major urban centre has had the majority of the growth. Basically the reason that's happened is they've always had the dollars and the organization to grow. For me, being a rural Albertan, I find that it's good to have urban centres grow to a certain level of population where good services and life-style can be provided for not only the urban people but also for the rural people. But it gets to a point where I think we need programs to attract and encourage and strengthen the rural economy so we can retain our youth in rural Alberta and continue to build all of Alberta and not only in growth centres. Therefore, I believe it's critical that we move forward at a diversification plan which would allow us to set up a long-range plan as to how our province should grow in the future and should be populated. I think it's a very wise move. We need to look at that.

Thank you.

MR. CHAIRMAN: The Member for Edmonton-Avonmore.

MS M. LAING: Thank you. I would speak against this motion. I have to echo the sentiments expressed by the Member for Clover Bar. We already have as a primary objective of this fund economic diversification, and I don't think we need a further

bureaucracy to make sure that happens. If there has been a failure to meet the needs of Albertans outside of the urban areas, that has been a failure in the administration of the fund and not in terms of its objectives. I would suggest, then, that any failure to truly diversify the economy in a very broad way has come out as a result of a narrowness of vision and perspective by those who are in charge. I think we do need a long-range plan, and I think it needs to be open to public scrutiny and to the public and to the members of the Legislature. I think the objective is there. What we need to do is to ensure that it is truly implemented.

MR. CHAIRMAN: The Member for Westlock-Sturgeon.

MR. TAYLOR: Mr. Chairman, I'd like to support the motion and actually use the arguments that the members for Clover Bar and . . .

MS M. LAING: Avonmore.

MR. TAYLOR: . . . Edmonton-Avonmore - sorry - use to support the argument. Because, true, there are diversified investments being made by the plan, but I believe they're on an ad hoc basis and not in a central, overall plan, as the Member for Athabasca-Lac La Biche sort of drives at when he says that diversification isn't only to be by product, but it also should be by area and spread the benefit throughout Alberta. The trouble now is that when we go into something like diversifying - and we are in many diversified areas - it comes from an ad hoc decision by somebody in the heritage trust fund, whereas if we had an economic diversification branch, I think it would do two things. It would give a general planning to how they diversified and spread it out as to area as well as product.

Second, far be it from me in the opposition - because quite often one in the opposition loves to see the government's halo slip down occasionally around their neck and choke them, so I shouldn't be really recommending a way that the heritage trust fund would look better. But I think it would look more directed and focused to the public of Alberta if it had an economic diversification branch, which automatically then begs the question of an investment growth branch. I think it would look much more sane rather than the hodgepodge ad hoc system which we are using now.

MR. CHAIRMAN: Thank you.
The Member for Lacombe.

MR. MOORE: Thanks, Mr. Chairman. I feel that a lot of what's been said is probably correct, but the motion itself addresses the setting up of another division in the heritage trust fund to address something that the heritage trust fund is already addressing. One of the main goals is diversification, and it is working, and it is not tailored to go to any given area. It's applicable anywhere in the province that has the qualifications to take advantage of it. So I think all we're doing is creating another division which will have to be administered at a cost factor out of the fund and will be just total duplication of what is already there.

MR. CHAIRMAN: Clover Bar, did you want back in on this discussion?

MR. GESELL: Yes, Mr. Chairman. I wanted to, and perhaps

I neglected to, raise some other points, but perhaps more in response to the hon. members for Westlock-Sturgeon and Athabasca-Lac La Biche.

We're talking about a division under this particular Heritage Savings Trust Fund, not programs, and I think there is some confusion in that respect. I agree that there may be opportunities for programs; perhaps some of the more remote areas require some additional programs for diversification, and I have no argument with those. There may also be some special circumstances for certain areas or regions that require some particular projects or programs. Again, I have no difficulty with those programs that might diversify or strengthen our economy. But I think those projects or programs can now be fitted under the existing divisions. There is really no need to establish a special division.

The Member for Westlock-Sturgeon indicated that there may be some ad hoc decisions. Well, I don't believe that is quite right under the present setup. But if we do duplicate objectives and goals, then I believe there is the possibility to have decisions going in a number of different directions. So rather than creating that situation, I would prefer to stay with the existing divisions and perhaps, with the direction of this committee under your chairmanship, provide some recommendations that would alleviate some of the confusion that the Member for Westlock-Sturgeon refers to.

Thank you.

MR. CHAIRMAN: Thank you. I believe that concludes the discussion on that recommendation.

Again I recognize the Member for Calgary-Fish Creek with his next recommendation.

MR. PAYNE: Thank you, Mr. Chairman. Recommendation 4 reads

that the Alberta Heritage Savings Trust Fund capital projects division consider investment in a comprehensive, multifaceted recycling program in Alberta.

In earlier meetings of this committee I have observed that Alberta has changed remarkably since the mid-1970s, and I can't think of a better illustration of that change than environmental concerns that now surround us in both urban and rural constituencies. Everywhere that I travel in the province, I see and hear of concerns for the quality of the air we breathe, the water we drink, the waste and refuse we generate: our entire environmental landscape.

Mr. Chairman, who would have guessed a decade ago that Albertans at the end of the '80s would be concerned about fast food packaging and disposable diapers? As I was contemplating this resolution a few days ago, my eye was caught by the reference in *Time* magazine entitled "Environmental Mail." If I could just quote this one sentence:

Reader response to our coverage of issues involving the environment has been dramatic this year. So far, we have received five times the amount of environment-related mail that had come in by this time last year.

That's *Time* magazine, and I'm sure it's illustrative of what's happening here in Alberta as well. What once was heralded as the result of productive genius is now feared as despoilers of our planet.

Now, this recommendation focuses, obviously, on one comparatively new environmental thrust, and that's recycling. Just three days ago I received in my mailbox - and I don't know whether other members got it - a Woodward's Christmas catalogue. My attention was struck by the back cover, which

said: we're interested in recycling; we want our catalogue back; bring it back to us after Christmas, and we'll give you \$25 off a \$100 or more purchase. I think it's a very dramatic illustration of the point I'm trying to make. Certainly, I'd like to compliment Woodward's, which I think is leagues ahead of some of our other corporate citizens and possibly even leagues ahead of some of our elected officials, both provincially and municipally – I'm not sure about that. But it's a here-and-now phenomenon.

Now, Mr. Chairman, my resolution, of course, is somewhat generally worded. I've used the phrase "comprehensive, multifaceted recycling program" rather than detailing a list of specific recycling projects. I've done this, of course, because there's a great number of various consumer products and refuse that could be incorporated into a recycling program.

I go back to my first term in this Assembly, Mr. Chairman, when Mr. Lougheed and others were speaking to this nearly new concept called the heritage fund. In those debates there was a recurring reference to the quality of life of Albertans. Now, I recognize that this kind of major investment I'm proposing would have both opposition and government support. I would hope that members of our committee would feel that such a quality-of-life investment would be deserving of support from all sides of our committee.

MR. CHAIRMAN: Thank you.

The Member for Ponoka-Rimbey.

MR. JONSON: Mr. Chairman, the Member for Calgary-Fish Creek has certainly, in putting forward this recommendation, brought forth a very important initiative in terms of the protection of Alberta's environment, and I commend him for the way in which he has outlined the advantages and the necessity – in fact, to some degree the emergency – that is there in terms of a move in this area.

However, Mr. Chairman, I just do not see this particular initiative as being something that is appropriate for the Alberta Heritage Savings Trust Fund, particularly the capital projects division. To me, the recommendation says it, and that is that we have to have a "comprehensive, multifaceted recycling program." This should – and I'm confident it will in the immediate future – be dealt with through the regular programming process: the regular budget and the General Revenue Fund of the province.

The other thing is that I do not see this as being something which should require a great deal of government investment. I think a recycling program will only be successful if there is an obligation placed upon many different institutions and levels of government and particularly on the people who produce the items that need recycling. If you look at some of the recycling programs that are under way in other parts of North America, it is a situation where the investment, or the financial commitment, if you will, is shared by the industries, the retail sector, the municipal governments involved, and certainly the private sector in terms of actually doing the recycling, because much of this, when done well, is becoming a profitable venture.

So, Mr. Chairman, I do not support the recommendation, not because of any lack of support for a recycling program in Alberta but simply because, number one, I do not think it's appropriate for the Alberta Heritage Savings Trust Fund, and secondly, because I do not see it being approached properly if we approach it with the idea that we're going to (a) invest a great deal of the public's money in it, when I think that much of the financial obligation and commitment has to come from the general public and the various other people that have to work

and co-operate in this venture.

MR. CHAIRMAN: Thank you.

Member for Clover Bar.

MR. GESELL: Thank you, Mr. Chairman. I'd like to speak briefly for the recommendation. I note that the Member for Calgary-Fish Creek has made an amendment to the recommendation which places the proposal under the capital projects division rather than the Alberta investment division, and I think that was a very appropriate move. I still believe – and I'm somewhat selfish here – that it may fit better under the environmental investment division, but we'll debate that in the upcoming recommendation.

I do feel, however, that the motion falls somewhat short in its intent. In saying that, I believe it needs to address a waste management program rather than recycling. I say waste management program because to me it involves other matters even referenced by the member proposing the recommendation. For instance, he talked about the fast-food packaging that is now creating a problem for us. Well, the initial packaging of goods needs to be addressed, and I'm not so sure whether that falls under recycling. That is really product management. It reduces the waste stream to some degree, and it needs to be considered as part of this overall scheme of waste management rather than just what I see as a more narrow stream of recycling. Similarly, there are other techniques that may reduce the waste stream but may not necessarily fall under the topic of recycling. Incineration might be one; unless the waste heat that is produced is utilized for some purpose, I can't quite class it under the category of recycling. But I think the intent of this particular recommendation is good, and I will go with it.

Thank you.

MR. CHAIRMAN: Thank you.

Member for Edmonton-Avonmore.

MS M. LAING: Thank you, Mr. Chairman. I would speak against this recommendation. I think it comes very close to seeing the Heritage Savings Trust Fund as simply an extension of the General Revenue Fund, where if we see some kind of project that we believe needs funding, we turn to the heritage trust fund instead of taking it out of the General Revenue Fund, where it rightfully belongs. I don't really see it as falling under the mandate of the trust fund as it was established. That is not to say that I am at all opposed to a recycling program and our environmental consciousness being raised about this issue, but I think it's very much a case of public education and public commitment and the wherewithal provided to the public to be involved in recycling. I think that is a matter to be dealt with under the general revenue.

MR. CHAIRMAN: Thank you.

MR. CARDINAL: I would have to speak against the motion. I believe in the concept, and the intention of it is right, and the timing, I believe, is right to start moving in that direction. But I feel it would best be suited under the joint delivery and co-ordination of Economic Development and Trade and Environment, because I feel that to make an initiative like this successful, parts of it need to be operated by private business. I don't think it should be the responsibility of one level of government to carry out that particular process, and I believe the respon-

sibility for programs of this nature lies with the individual to start with. There should be some cost to the municipality involved and the provincial government and possibly even the federal government to work in that direction. Therefore, I would have to speak against the motion.

MR. CHAIRMAN: Thank you.

MR. TAYLOR: Mr. Chairman, I would support the motion, but I understand what everyone else is saying too. I don't know whether this may be the mark of a good Chair, to be able to pull the common thrust that's coming out of conversation – because I think everyone wants the same thing. I personally would think the hon. Member for Clover Bar's resolution 6 probably pre-empted all of these and maybe is better than all of these in a way in that he hits on the idea of that new division with the Alberta heritage trust fund, the environmental investment division, that the investments from this division be made for projects for short- and long-term benefits. Here the heritage trust fund, the way the Member for Clover Bar has structured it, can give the start-up funds, but maybe use mostly general revenue. Those that are worrying about the general revenue funds – general revenue funds could come in and take over.

But I think what we're getting at here, and what I hear from everyone, is that we want a thrust towards environmental projects certainly, and recycling is just one. I think the hon. Member for Calgary-Fish Creek is right on in a specific, but when we get into making recommendations, I think we can probably sweep all our eggs under the chicken that the Member for Clover Bar has put out. I was going to say "hatched," but that's not the right word. But all those eggs, I think, can come in under that nest and work quite well.

MR. CHAIRMAN: Thank you.

An opportunity for Calgary-Fish Creek to close comments on this recommendation.

MR. PAYNE: Thank you, Mr. Chairman. I would like to respond to two or three of the comments that have been made this morning. I very much appreciate the exchange of views.

First of all, I was intrigued by the Member for Ponoka-Rimbey's comments that he didn't think the government would need to make much of an investment in recycling. I would like to take some considerable exception to that attitude on the part of the Member for Ponoka-Rimbey, Mr. Chairman. I think lots of dollars are going to be needed. I agree that they should be sourced in part from the private sector. I agree that they should be sourced in part from individual citizens. I believe they should be sourced in part from municipalities and other jurisdictions. But there's no question that if recycling is to move forward with the kind of dimension that's anticipated by my recommendation, it's going to take a considerable investment from the province.

It's my expectation, Mr. Chairman, that in the year ahead our government revenues are going to continue to be tight, and consequently I expect our expenditure levels are going to continue to be restrained. Frankly, I don't anticipate a whole lot of new and additional dollars being available in the General Revenue Fund for big-ticket items such as I'm proposing; therefore, the heritage fund is the logical place for just such an investment.

The hon. Member for Edmonton-Avonmore has indicated that she feels that although she supports recycling and this kind of major program, it should be funded as an extension of the

General Revenue Fund. Could I remind you, Mr. Chairman and other members of the committee, that when the Premier was with us, I believe it was the Member for Edmonton-Centre who described his newness to the committee and his uncertainties as to what constitutes a proper General Revenue Fund investment and what constitutes a proper heritage fund investment. I listened very closely to the Premier's response because it's a question I've had over the years. The Premier used the very interesting adjective "foundational," in which he described as foundational those types of investments that should be made from the heritage fund. I'd like to suggest to the members of the committee this morning that this proposal, this type of investment, would most certainly be a foundational investment upon which a whole new generation, a whole new provincial attitude, and a whole range of new achievements could be made in the area of recycling if such a proposal were to be moved forward from this committee.

MR. CHAIRMAN: Thank you. That concludes the discussions on that recommendation.

We'll recognize the Member for Calgary-Fish Creek for his next recommendation.

5. That the occupational health research and safety heritage grant program co-ordinate with AADAC and the Alberta family life and drug abuse foundation in research into the use of alcohol and drugs in the workplace.

MR. PAYNE: It'll come as some relief, I'm sure, Mr. Chairman and members of the committee, that this is my last recommendation, and perhaps it will be my briefest.

Let me just make the point, in case members are not fully aware, that the use of alcohol and drugs in the workplace – and I include the rural workplace; I include the farms of Alberta as well as the major industrial plants in our province – is a significant social problem. Now, Mr. Chairman, there are three government agencies, and I believe, if my research is correct, that two of them are receiving heritage fund dollars to various degrees, that are now or will be conducting various research projects in this area. Quite simply stated, co-ordination is needed to avoid duplication and to rationalize our priorities. I hope this committee will agree to a recommendation that would give the Legislative Assembly direction that such research co-ordination be effected as soon as possible.

MR. CHAIRMAN: Thank you.

Do we have any other speakers on that particular recommendation? The Member for Westlock-Sturgeon.

MR. TAYLOR: If you will examine, Mr. Chairman, I think we moved 26, where we argued that funding for the family and drug abuse program be administered by the Alberta Alcohol and Drug Abuse Commission rather than by a parallel bureaucracy. The hon. Member for Calgary-Fish Creek, a government member, has been as diplomatic as possible in slapping the hands that set up the new organization, but if a political scientist were to read through his comment, really I think he's saying what we in the opposition had the courage to say. Of course, mind you, it takes less courage for us than a member of the government to say it is a program that has duplication and why not just face up to it.

If there's any department of the Alberta civil service that has an outstanding record, it is the Alberta Alcohol and Drug Abuse Commission. It is well known across Canada and is well thought

of in Alberta. It's been doing an excellent job. It's absolutely redundant to have a family life and drug abuse foundation operating separately from occupational health and the Alberta Alcohol and Drug Abuse foundation. I think we should seize the dilemma by the horns or the bull by the tail or the tiger by the ears or whatever it is and just come out and recommend that Alberta Alcohol and Drug Abuse foundation be the one that administers the plan. There's no need for a duplicate bureaucracy, especially in this time and era of trying to cut government overhead and make our service administration to the people more efficient.

MR. CHAIRMAN: The Member for Calgary-Foothills.

MRS. BLACK: Thank you, Mr. Chairman. I think the chairman of the Health Policy Advisory Committee spoke to this last week when it arose. As a member of the Health Policy Advisory Committee that is investigating the structuring of the foundation for family life and substance abuse, I want to just refresh the members of this committee on what the mandate of the foundation was and how it was stated by the Minister of Health in August at the end of our session. The mandate was to review new initiatives and to act as a catalyst, not to provide treatment, et cetera.

We recognize that definitely there are other vehicles in place that are providing the day-to-day functions of treatment for substance abuse. The foundation was to act as a catalyst and review new initiatives to help resolve the problem but not to provide treatment. The emphasis has been to review the research that has been put forth to date and to look at the educational processes and prevention methods that are available and could be initiated and, of course, to review the existing treatment methods that are in place today and what new initiatives could be set forth. By no means can this be something that is going to interfere with existing departments within the government because they are only going to be a catalyst; they are not going to be the main body that would provide the facilities, et cetera. So I think it's important that they are not one and the same.

Certainly co-operation between the AADAC people and the Alberta family life and drug abuse foundation is critical, because in no way would we want to reinvent the wheel, particularly on research. There is a tremendous amount of research that has been established within this area, and it's certainly being shared and offered to try and combat the problem of substance abuse within Alberta and the country. So I hope there isn't a confusion that there is a contradiction between the two groups, because they are working in co-operation and they will not be interfering with one another at all.

MR. CHAIRMAN: Thank you.
The Member for Edmonton-Avonmore.

MS M. LAING: Thank you. I would certainly support the comments of the Member for Westlock-Sturgeon. I think we would have been better served if AADAC had gotten the results of the \$200 million endowment fund. I believe we don't need a catalyst, that AADAC is well able to look at the research to establish new initiatives. Particularly in view of the fact that they are heavily involved in treatment, what better place to look at to determine what works, what doesn't work? They're also involved in education, have a track record of high success. So I just see this as a redundancy and unnecessary. Let's give

AADAC the funds to do the job that they were intended to do. They were cut back in 1987. They've never recouped the kind of programming they were able to do at that time. Although they've had additional funds, it's been for other programs. So I think this is unnecessary in this form. We have the agency that can do this work; let's just fund it properly.

MR. CHAIRMAN: If there's no other discussion coming from the committee, I'll recognize the Member for Calgary-Fish Creek to close comments on this recommendation.

MR. PAYNE: Let me conclude first of all, Mr. Chairman, by reading into today's *Hansard* the wording of this resolution. I neglected to do that:

That the occupational health research and safety heritage grant program co-ordinate with AADAC and the Alberta family life and drug abuse foundation in research into the use of alcohol and drugs in the workplace.

May I share with the members of the committee also that I have received communication from the minister responsible for the occupational health research and safety heritage grant program indicating his support of the recommendation.

MR. CHAIRMAN: Thank you.

We will move to recommendation 6 and recognize the Member for Clover Bar.

MR. GESELL: Thank you, Mr. Chairman. Perhaps first I'd like to read in the recommendation for the record:

That a new division be created under the Alberta Heritage Savings Trust Fund, the environmental investment division, and that investments from this division be made for projects that will provide short- and long-term benefits to the people of Alberta through enhancement of our environment and through reduction of pollution.

In speaking to that recommendation, Mr. Chairman, let me start off by providing a quote which has been alleged to have been made by David Suzuki when he was talking about our youth, who I believe have most to gain by this particular recommendation. I quote: "The 1990s have been designated the 'Turnaround Decade' in our fight to preserve a now fragile biosphere." I think that's an important aspect to keep in mind as we discuss this recommendation.

Now, in speaking specifically to the recommendation to establish this new division – and I've just previously in this committee talked about and spoken against an establishment of a new division under the diversification aspect – I do feel that an environmental division does not duplicate any of the existing divisions. I'll make that a little bit clearer. The way I'd like to do that is to deal, number one, with the three basic objectives of the fund that were established. Now, I note that in the discussions that were recorded with the Treasurer, I believe the Member for Edmonton-Meadowlark had outlined his interpretation of these objectives, but I'm afraid they have very little to do with reality. I would want to read into the record the actual objectives of the Alberta Heritage Savings Trust Fund.

1. to save for the future;
2. to strengthen and diversify the economy of Alberta; and
3. to improve the quality of life [in Alberta].

Now, Mr. Chairman, when we go then to the divisions that attempt to implement and realize those objectives – and I'm repeating myself to some degree here, because I've gone through those divisions in response to a motion by the hon. Member for Calgary-Fish Creek, I think it was – you will find that the Alberta investment division, the Canada investment division and

so on, all the divisions, have as their first priority or emphasis, and I think I want to stress that, either objective one or two. That's what they are addressing. They may, and they do, in fact, address objective three in a secondary fashion. It's a result of some of the action that occurs. For instance, if we diversify our economy and provide jobs for individuals, they then also will benefit from an improved quality of life. So recommendation 3 does get realized, but it is not the first priority of the majority of objectives within the divisions that are outlined. The objectives within those divisions are predominantly economic.

Now, I do not have anything against that result because I think it benefits us, but I think it would be appropriate at this point in time to shift that emphasis, to shift that priority, to deal with environmental investments as a number one priority under certain programs but then also to have the first and second objectives, to save for the future and to strengthen the economy, as a secondary priority. So what I'm talking about is to reprioritize under the environmental investment division such that the quality of life becomes the predominant priority.

Now, I wanted to refer to the opening statement made by the Rt. Hon. Brian Mulroney at the First Ministers' Conference. I note in reading through the opening statement that there was only passing reference to the environment, but there are a couple of short quotes I want to bring to your attention. He refers to Judith Maxwell, who is the chairperson for the Economic Council, in saying that we have to "stop passing the buck to the next generation." This is an important aspect that we need to realize. He further goes on, and says on page 11 of his delivery, "We must invest in our children's future, not live off it." That's again a quote from his opening remarks. I think this is a critical aspect that we need to realize, and in recommending this particular objective and motion, I have kept that in mind. I believe we need to provide for the long term. We need to provide for our children. I take the long-term view, but I do not want to lose the short-term benefits as well, and I think this would be an appropriate time to do both.

Now, I note also that Mr. Decore has gone public with certain statements that perhaps the Heritage Savings Trust Fund could be sold off; we could deal with some of the deficit. Well, I have some difficulty with the shortsighted nature of that type of pronouncement. It's a political statement. I think it loses track of the foundational aspects of this Heritage Savings Trust Fund, the opportunity to provide for the future of our children. I think the deficit may better be addressed through what has been initiated: program review and efficiencies, economy, and effectiveness of the services and programs that we provide rather than attack the Heritage Savings Trust Fund, which is of immeasurable benefit to our future.

There are those who also rail against some of the foundation investments that have been undertaken: the research in diabetics, the islet transplants, cholesterol, Capital City Park, for instance. These are all, in my mind, investments for our future. They're critical. It's not a question of whether a particular municipality has received their fair share. Perhaps in certain instances those municipalities and those particular individuals are not even fully aware of all the opportunities and potential that exists within such foundational investments as the Capital City Recreation Park.

Mr. Chairman, I want to refer again to the annual First Ministers' Conference and a statement that was made on the environment and sustainable development, and I quote . . . First the ministers discussed several matters related to the environment and sustainable development. They identified both the

need and opportunity to co-operate to enhance environmental protection and restoration. I believe there was agreement at the First Ministers' Conference on these aspects.

I want to refer further to pages 9 and 10 of our Premier's opening remarks at the First Ministers' Conference. I think they're critical. Let me read:

There are other key issues, Mr. Prime Minister, which we have to pay attention to: a priority that you have identified as protection and enhancement of the environment. Alberta has been a leader in environmental management. We were the first to establish a Department of the Environment. It came to light very dramatically over the past year that we have the only hazardous waste treatment facility in Canada. We have strong, tough environmental laws. Alberta is determined to continue to demonstrate leadership in meeting our environmental responsibilities.

That last sentence I want to draw to the specific attention of the members of this committee.

Alberta is determined to continue to demonstrate leadership in meeting our environmental responsibilities.

As a reaction to that we have been discussing a roundtable on the environment, and that is in the planning stage, an excellent direction. For these reasons, these quotes that I've provided, we need to reschedule our priority and emphasis onto the third objective that's been stated in the Heritage Savings Trust Fund annual report, and that is to provide for a better quality of life for all Albertans.

I want to also refer to the specific discussion of the first ministers on the environment. I want to again stress the importance of the priority and emphasis. What I'm referring to are the notes for remarks by the Hon. Don Getty on the environment.

In 1987 first ministers endorsed the report of the National Task Force on the Environment and the Economy. That report called for a concerted commitment to environmental protection and to the incorporation of an environmental philosophy in economic decisions.

Now, Mr. Chairman, I have some difficulty with that statement because the priority and emphasis is still on economic decisions first and environmental concerns second. I think in certain instances we need to reprioritize such that we initiate projects and programs that have as a first priority environmental protection and enhancement and perhaps as a second or third priority other matters that are important.

Further, Mr. Getty stated:

Alberta has been and continues to be a leader in protection and enhancement of the environment.

Mr. Chairman, I also would like to refer to the recordings in *Hansard* of the discussion with our Premier, and I'm referring to page 8 of the Heritage Savings Trust Fund Act *Hansard* record. I'm quoting Mr. Getty in response to some questions that the Member for Edmonton-Meadowlark raised.

There's no question that there's a greater attention to the environment now, but I would remind the hon. members that long before dealing with the environment was as popular as it is now, the Alberta government had the best legislation, standards, and controls in Canada. But there is now an explosion of technology, and I think that the hon. member is making an excellent point in this area and that we will want, through the trust fund, to make sure that we're on the leading edge in this area.

Mr. Chairman, my motion is directed to keeping us on the leading edge. If we create this particular division, we may then act as a catalyst or as an encouragement to the private sector in initiating a number of programs and projects that may deal with waste management, recycling, the CO₂ situation - carbon dioxide, and the ozone depletion. There are a host of other

projects that will yield a return by protecting and enhancing our environment, by protecting and enhancing our future.

Thank you.

MR. CHAIRMAN: Thank you.

I recognize the Member for Lacombe.

MR. MOORE: Thanks, Mr. Chairman. Well, I think we all agree with the previous speaker's comments. It's certainly underlined a major concern of all. The Member for Calgary-Fish Creek, when he was speaking on his motion 4, certainly emphasized the importance of the environment. I would like to think that every one of us is supportive and now understands fully the implications of it.

However, if we go back to the motion of this new division, I think it's well covered under the present capital projects. When we look under Environment on page 24 of the statement, it deals with land and it deals with water. Anything that relates to land and water is our environment. We already have projects there, and all these things that were addressed would fall in this division. If you create another division, even though it may emphasize environment more, it certainly wouldn't add to the opportunity to proceed with projects as suggested. They would fall well within the area we have now. Creating yet another division would be a duplication and unnecessary if the only purpose was to emphasize environment, which we all agree to. We know it's there; we don't need to emphasize it anymore. We have the division there. It'll do the job, Mr. Chairman. I can't support a new division. I support the environmental thrust but not a new division. There's one there already in place.

MR. CHAIRMAN: Thank you.

The Member for Westlock-Sturgeon.

MR. TAYLOR: Thank you, Mr. Chairman. I'd like to compliment the Member for Clover Bar for a very good motion. Although I suppose the Member for Lacombe - at least, I gathered from that that we are doing fairly well on the environmental area anyhow. I think even if he were to agree that you were doing well, this motion would still be necessary. I think it helps focus the attention of the public, it focuses the attention of the House, it focuses the attention of the administrators of the heritage trust fund on what is probably the most important problem we'll have in the 1990s.

As the Member for Calgary-Fish Creek - I don't know why I'm handing out so many posies to the Tories today, Mr. Chairman; it must be that the milk of human kindness is running thick in my veins - pointed out, paraphrasing, I believe, Dr. Suzuki, the 1990s is the time they could turn around mother earth. I say that it's important, even the PR effect of a motion like this, and this is why I think it's almost the best motion, maybe, that's coming out of the whole works. I think it's well worth pushing.

I was at a meeting the other night with some MD councillors, and the reeve got up and thought he had killed the whole argument the whole day. We were talking about an environmental problem where the MD wants to put a road straight through the middle of a lake or a slough, whatever they want to call it. He pulled himself up to his full height - and I couldn't blame him either - and said, "What's more important, people or nature?" To me, he thought people were more important, not realizing that if there's anything this world has got lots of, it's people. We're turning them out at probably a million or so

every couple of days. It's nature we're not turning out. And that concept still reigns supreme. Maybe it's more so in our pioneer heritage. You know, we came out here, shot the buffalo, cleaned the natives out, cut the trees, plowed the soil. [interjection] A few of them got back in. But we really cleaned house. So the whole idea is that nature is out there to be despoiled, to be abused by us, because God decided to do it. As a matter of fact, I noticed the Member for Clover Bar dragged out the Premier supporting his idea, and the Prime Minister. He stopped at God, I guess, realizing that God had said "Go forth and multiply" and that's not so popular anymore.

MR. PAYNE: Plus exercise dominion.

MR. TAYLOR: Nevertheless, I think the importance of this motion, although the Member for Lacombe hits it on the head in some respects, that there is a lot of work being done on the environment, is to show the focus we have, the leadership it implies to the rest of Alberta. When you get out into some of these MDs and see what they conceive, what their concept still is, that nature is there to be used and saddled and harnessed, used for their thing and the devil take the hindmost - don't worry, science will look after us some 20 years from now if we've bugged up this year - this is why I think the motion is so important, and therefore I support it.

MR. CHAIRMAN: If there are no other speakers, we'll recognize the Member for Clover Bar to close discussion on this recommendation.

MR. GESELL: Just briefly, Mr. Chairman, to close debate on this particular matter.

MR. TAYLOR: Don't gild the lily. You might ruin it.

MR. GESELL: Well, I think I need to, particularly with the favourable comments that have been passed on by the Liberal member here. He does make some excellent points, Mr. Chairman.

I've talked about the priority and emphasis with respect to this particular recommendation. The intention is that there should be political will, determination, and leadership in order to address some of the issues that concern our environment. I know that presently we have good programs and they're working well, and we have environmental standards. But I think we still need to pursue environmental opportunities for our government to assume a leadership role and act as a catalyst in initiating programs and projects that will benefit us in the future.

Finally, Mr. Chairman, I'd like to read from our Speech from the Throne as recorded in *Hansard*, June 1, 1989, page 6.

Alberta will continue to exercise its jurisdiction over the environment and is resolutely committed to preserving the quality of Alberta's natural beauty for future generations. That concept, that philosophy, has motivated me to introduce this particular recommendation, and I would ask that at the appropriate time hon. members would give me their support for this recommendation.

MR. CHAIRMAN: Thank you.

The Chair recognizes the Member for Clover Bar for his next recommendation.

MR. GESELL: Thank you, Mr. Chairman. Again for the record I would like to read in the recommendation:

That the maximum amount which may be provided to a student under the Alexander Rutherford Scholarship be increased to \$2,000.

Mr. Chairman, the Alberta Heritage Scholarship Fund was created, I believe, in 1981. There are some 10 different programs under that scholarship, but I believe there's only one that is applicable to high school students, the Alexander Rutherford scholarship, which awards and provides an incentive for high school achievement. There are some postsecondary scholarships: the Louise McKinney. There are some scholarships for graduate students: Sir James Loughheed, Ralph Steinhauer, Wilfrid R. May. Then there are some scholarships for people in the work force, for student athletics, for community recreation leaders, for outstanding contributions to the province, and there are some other scholarships. But the only one specifically geared towards our high school students is the Alexander Rutherford scholarship.

Now, since its inception in 1981, the maximum scholarship amount that could be awarded to high school students under the program was \$1,500, and that has not changed to this date. The program is there to encourage and reward senior high school students who have demonstrated outstanding academic ability. Their scholastic achievements in grades 10, 11, and 12 are recognized in that fashion. They need to retain a grade average of 80 percent or above, and that is calculated in five different designated subjects.

Mr. Chairman, I feel that we do need to continue to provide an incentive to our young people, to our students, particularly in the high school environment, because again that is where our future lies. I'm not talking about gearing scholarships to inflation or anything like that. What I'm talking about is that there should be sufficient incentive for students to achieve. There should be sufficient reward when they do reach those high grades, those academic achievements. I think it would be appropriate to move that incentive, that carrot, a little bit higher to a \$2,000 level.

Now, in making that particular recommendation, I've looked quite specifically at the amounts that have been allocated under the 10 different programs. I find, Mr. Chairman, that for all the other programs I've mentioned, the nine other ones, McKinney, Loughheed, Steinhauer, and so on, the annual expenditure – and in some cases the expenditure is quite significant. For instance, the Ralph Steinhauer award is \$10,000 to \$15,000 at the doctoral level. The amount that has been expended under those programs has been consistent; it has not varied. The only variation has occurred under the Rutherford scholarship, and it's related to the number of people that apply. There's no cap on the number of people that actually can apply, which is true in some of the other scholarships.

I would draw reference, Mr. Chairman, that these scholarships come from an initial endowment of the Heritage Savings Trust Fund of \$100 million. But even though we have provided over \$76 million under these 10 different programs for scholarships to some 53,000 Albertans, that fund still has grown significantly. That initial endowment has grown. I believe at this point in time it accumulates \$177 million. Now, I don't believe endowments are set up such that they are growing and that the initial endowment fund actually multiplies. With a recognition of that, Mr. Chairman, I believe it is appropriate, then, to address or obtain some of the resources that have developed and provide them in turn as an incentive to our high school students.

Thank you.

MR. CHAIRMAN: Thank you.

The Chair recognizes the Member for Ponoka-Rimbey.

MR. JONSON: Well, Mr. Chairman, in terms of a need to review the amount allocated per student, or potentially per student, under the Alexander Rutherford scholarship, I have no quarrel with that. I think it is something that should be done.

I do think the recommendation might have been worded, though, to allow for a look at just how this would impact upon the fund itself. I also agree with the previous speaker that we should not have an endowment that would be sort of there for the purpose of increasing in value. It should be providing a return through its programs on a reasonable basis. I believe, Mr. Chairman, that in the meeting we had with the Minister of Advanced Education, there was reference to a guideline that had been followed for some time of some 5.9 or 6 percent of revenue being paid out each year in scholarships. I would have liked the recommendation to allow for the impact of such an increase to be considered. Perhaps more could be done; perhaps less could be done. But this does represent a 33.3 percent increase in expenditure out of that program, which is the largest one under the Rutherford scholarship program, and I'm just expressing a caution about the amount that might be involved here. It might very well be able to be accommodated easily by the fund. On the other hand, it might jeopardize the integrity of the fund. I think we perhaps should have approached it in that way for it to be considered and an appropriate increase put in place.

MR. CHAIRMAN: Thank you.

I recognize the Member for Clover Bar to close discussion on this recommendation.

MR. GESELL: Thank you, Mr. Chairman. I appreciate the caution that's been put out with respect to looking at the impact of this particular recommendation on the fund, and I have done that. It's quite true that this expenditure for the Rutherford scholarship is the largest one. It ranges from \$3.4 million in '81-82 to \$4.9 million in '87-88. I've looked at a situation where if the same number of students would apply under the new maximum, what that impact might be. However, I do it with some trepidation, and I have not really followed it through rigorously. I haven't looked at the number of applications or the incentive, the initiative, that might result if the carrot is put out there for other students to achieve and how many new applications we might in fact generate. Under the existing scenario I don't see any difficulty with the fund, and even if there were somewhat of an increase in new applications, I still don't see any significant impact or reduction of the \$177 million. But I am stargazing and guessing and projecting there, so I'm not as comfortable as perhaps I should be. So I appreciate the remarks by the hon. member.

MR. CHAIRMAN: Thank you.

The Chair recognizes the Member for Clover Bar with recommendation 8.

MR. GESELL: Thank you, Mr. Chairman.

MR. TAYLOR: It's a woolly subject, isn't it?

MR. GESELL: Yes, it is.

MR. CHAIRMAN: Would you please read your recommendation into the record?

MR. GESELL: Yes, I will, Mr. Chairman:

That a new program under the environmental investment division be initiated for the effective and comprehensive biological control of the annual forest tent caterpillar infestation.

There are quite a number of myths on this particular – as my hon. colleague calls it – woolly subject, the forest tent caterpillar. I'd like to maybe address some of these misconceptions. The misconceptions, as I perceive them, are perhaps threefold, and I'll deal with them in that fashion.

I think it's generally perceived that it is a minor problem, a nuisance, and it affects a relatively small area. I want to deal with that specifically. Number two, there is a perception that that infestation occurs in cycles and there is a natural control of that particular infestation, and three, that you cannot really effectively control it either by chemical or biological means.

MR. CHAIRMAN: Member for Calgary-Fish Creek.

MR. GESELL: Excuse me, Mr. Chairman. I was just pausing to get your attention.

MR. CHAIRMAN: I apologize, Mr. Gesell. Proceed.

MR. GESELL: Thank you. I do want to . . . [interjection] Both of them actually.

I would want to ask for some direction in light of the time, Mr. Chairman. In case I should not be able to complete my discussion of this particular matter and am forced to adjourn, will I have the opportunity to continue this afternoon?

MR. CHAIRMAN: It is the Chair's understanding that full discussion would be allowed and we would bring it back on this afternoon. It would be the intent of the Chair to do that.

MR. GESELL: Thank you.

Now, in dealing with the perception with respect to the minor problem, a nuisance affecting a small area, I would want to – and I have a handout for members, two actually, which I would like to distribute that I want to refer to. The handout I have provided deals with and is drawn from a publication called Forest Insect and Disease Conditions in Alberta, Saskatchewan, Manitoba, and the Northwest Territories in 1988 and Predictions for 1989. It's a report prepared by Forestry Canada. A portion of that report is being circulated.

I want to go back a little bit, Mr. Chairman, to the previous report, similarly titled but dealing specifically with 1987. It deals with aspen defoliators. The predominant defoliators are the forest tent caterpillar and the large aspen tortrix. The total land area in which areas of trembling aspen stands were defoliated in 1987, which predominately occurred through the forest tent caterpillar, amounted to some 7.9 million hectares. Now, that's all three provinces. I make these comments in order to indicate to you the extent of the area that is being covered by this infestation. This, then, represents an almost 60 percent increase over 1986, and most of that increase occurred in Alberta.

The actual area mapped in 1987 in Alberta – and I need to indicate to you how this mapping occurs so you have a better appreciation – was 6.6 million hectares. Now, the mapping, Mr. Chairman, actually occurs from aerial survey, a flight survey. It was explained to me by the members that actually do the mapping that it does not catch all the areas that are infested. The aerial mapping is only recognizing the areas that are moderately to severely infested. The light infestation areas generally are not caught. When one takes away – and this has

been done fairly arbitrarily – the agricultural cultivated area, and the normal percentage is 20 percent of the total area mapped where the infestation has been observed, we end up with 1.3 million hectares of actual aspen stands defoliated in Alberta in '87.

Let me go on, then, to the handout I've provided for you with respect to '88. You will note that there is in fact a typographical error in the area mapped for Alberta. It should not be 18.8 million hectares; it should be 13.8 million hectares. I refer to table 3 in the information that's before you, and you will see immediately below table 3 that there it's presented correctly, 13.8 million hectares. So a substantial increase from the previous year, over 100 percent. Yet people still believe this infestation is of a minor nature. It is not, Mr. Chairman; it affects a significant area of Alberta. If you look on page 6 at the map that has been provided for you, it maps those areas. I need to stress that it maps those areas that are moderately to severely infested – not the light infestation areas, just the more critical ones. It covers a significant portion of our province. It is not a problem that is limited to Clover Bar.

I want to speak a little bit about the impact of that infestation. It is not just a nuisance problem, Mr. Chairman. It affects large areas. It affects tourism and recreation in those particular areas that are infested. A good example is where people, tourists, are wanting to utilize our parks, our recreational areas. They only need to run into this infestation once and they will not come back. It is so severe in certain areas that you have problems driving on roads. As the caterpillars traverse those roads, they form a carpet, a complete covering of the road surface, and there's a hazard associated with that as well. In areas that are severely infested, there may be occasions where a home is completely covered by these insects, and this creates some psychological and mental hardships for those people.

It also creates damage to our aspen forest. I will go into a little bit more detail on that. It affects our forests. The defoliation, in fact, does not kill an aspen tree. With the initial defoliation, if it occurs for a couple of years, is some dieback of twigs and branches, and there's some significant reduction in radial growth of the aspen trees. If it occurs for three to four years, then we get substantial reduction in radial growth, 80 to 90 percent. But if it occurs further than that, for more than four years, there is then no growth and there's severe dieback and tree mortality. I need to stress that trees do not die from defoliation, but they become more susceptible to other diseases, and thereby the mortality rate of these trees is affected.

I want to deal a little bit with the perception that the infestation is a natural phenomenon, that it occurs in cycles, Mr. Chairman. Information I've gathered shows that since 1954 there have been outbreaks pretty well every year, but there are four to five significant ones where the infestation has been very pronounced and very severe, and 1988 was one of those years. The mapping is provided for you. Also, I've provided you with a map that shows what occurred in 1989 – that's been circulated – and I see very little difference in the area that's affected from '88 to '89. Similarly, then, there has been research undertaken by Forestry Canada in conjunction with provincial Forestry where there is random sampling of trees and the egg bands that the moth stage of this infestation lays on aspen trees. The projection for the coming year is similar to what we've experienced in previous years. Now, the perception also is that these infestations occur in seven-year cycles. Well, from the research I've found and the background data I've accumulated, that just is not so. It fluctuates up and down, it varies perhaps

from year to year, but it does not operate in a definite cycle.

Mr. Chairman, in light of the hour, I believe I should adjourn debate, but I wish to continue my comments this afternoon.

The meeting stands adjourned till 2 o'clock this afternoon.

[The committee adjourned at 11:57 a.m.]

MR. CHAIRMAN: Thank you, hon. Member for Clover Bar.