

[Chairman: Mr. Ady]

[10 a.m.]

MR. CHAIRMAN: We'll call our committee to order.

The committee will recall that we completed discussion of recommendation 22 yesterday, and we'll proceed with recommendation 23. [interjection]

For clarification, one of the media groups is interested in doing a short shot of the committee in action this morning, so with the committee's indulgence, the Chair granted permission to take a few brief shots of the committee carrying out its responsibility.

The Chair recognizes the hon. Member for Westlock-Sturgeon, unless there is some business to come before the committee prior to that.

MR. TAYLOR: I have a short bit of business. Draft 5 should have had number 60 withdrawn, because I withdrew that in favour of . . . That's the one where we moved that the paper recycling plant begin immediately. I believe either the Member for Clover Bar or the Member for Calgary-Fish Creek put in an environmental recycling . . .

MR. CHAIRMAN: Hon. member, you're saying number 60 was withdrawn?

MR. TAYLOR: We agreed to it yesterday. I don't see Clover Bar here. Was it your's, Calgary-Fish Creek? One of the earlier resolutions talked about putting in a . . .

MR. CHAIRMAN: Calgary-Fish Creek had a recommendation on recycling.

MR. TAYLOR: Yeah, it was Calgary-Fish Creek. It said a "multifaceted recycling program."

MR. CHAIRMAN: So the position is that number 60 should have been withdrawn, and you're . . .

MR. TAYLOR: Well, I have no problem with leaving it in, but you asked me to withdraw it. I sat there and considered a bit and said that the Member for Calgary Fish-Creek's was maybe not as specific, but it was overall. Such an act of human kindness and nonpartisanship I thought should be recognized.

MR. CHAIRMAN: We'll consider recommendation 60 withdrawn. Thank you, hon. Member for Westlock-Sturgeon.

We'll recognize you to give opening comments on recommendation 23. [interjection]

One moment, please, for a point of information from the Member for Calgary-Fish Creek.

MR. PAYNE: Mr. Chairman, I just wanted to confirm our December 6 meeting. Is that now firm?

MR. CHAIRMAN: No, but hopefully before the day is out, we'll be able to give confirmation on that. Thank you.

The Member for Westlock-Sturgeon.

MR. TAYLOR: Resolution 23 is

that funds spent on research into improving the yield and variety of dryland crops be increased to the equivalent now spent on irrigation yields and varieties.

My purpose in moving this, Mr. Chairman, is to sort of wave a warning, I guess, to the research facilities that are going into agriculture that they may be overconcentrating on irrigation. As

a whole earth scientist who spent many years in Asia and the Middle East, I'm aware of many, many irrigation programs that come and go. In general, the science that improves society is how you raise crops interfering to a minimum with Mother Nature. In other words, if you can get dryland productivity to increase just by a fraction of a percent, it more than makes up for increasing irrigation activity maybe 50 or 100 percent, because there's so little of our world that's irrigated.

So much of it, if it is irrigated, is at tremendous environmental cost. They usually don't find out for maybe 50 to 100 years, but I can take you to spots in China, northwest India, north Africa where - that irrigation of a thousand years ago that's practised as it is here very seldom lasts much more than 100 to 150 years. Either the water disappears or it silts up or it salinizes the soil. There are any number of things. I'm not trying to run it down. I think we still should do what irrigation we can.

The fact is that because nonirrigated land in inventory is something like maybe 95 to 97 percent of the land we raise crops on, a fraction of a percent increase in nonirrigated land yields - experimenting moving barley crops in northern Alberta up just half a degree latitude or getting a couple of bushels more an acre out of number 5 soil than we did the time before - does so much more than actually going into irrigation that I'd like to see, in spite of the fact that dryland may make up 90 to 100 times as much area as irrigation, it at least get the same amount of funds. I just think that we're getting caught in the glitz of going after irrigation because of making the desert bloom, if you want to call it that. But there is so much more that can be done overall and more people benefited by increasing the yield in nonirrigated land, and I'd like to see us spend at least the same amount.

MR. CHAIRMAN: Thank you.

The Chair recognizes the Member for Athabasca-Lac La Biche.

MR. CARDINAL: Mr. Chairman, thank you very much. I would have to speak against this motion, and the reason is that it seems that existing programs already are covering this area and I don't believe this government can afford any duplication of programs. Some of the programs that are already in place doing research are the Agricultural Research Institute, for example, and Farming for the Future. I feel these programs are sufficient; they're doing their job. Therefore, I would speak against the motion.

Thank you.

MR. CHAIRMAN: Thank you.

Any other discussion on recommendation 23?

MR. JONSON: I just have a question, Mr. Chairman, that perhaps the Member for Westlock-Sturgeon could address in his closing remarks. The recommendation is based upon information that, I guess, must be available which indicates that a great deal more is being spent in total by the governments of Canada and Alberta on irrigation yields than on dryland farming. I would assume that the member must have these figures in order to base the recommendation. I wonder if he could perhaps share that information with the committee in his concluding remarks.

MR. CHAIRMAN: The Member for Lacombe.

MR. MOORE: Thanks, Mr. Chairman. I realize that in dollars there is a tremendous amount more spent on irrigation than on dryland farming, and I agree with the Member for Westlock-Sturgeon on that point. But in all fairness, we must remember that 4 percent of the provincial land base is under irrigation; it gets 30 percent of the yield from our agriculture. So that's a fact that you've got to factor in.

However, I think there should be more spent on dryland farming. I'm in agreement there, but I'm just in disagreement about it coming from the heritage trust fund. We have the provincial and federal research stations doing a considerable amount of work on dryland farming. In fact, the research station at Lacombe is 100 percent on dryland farming basically, and I imagine the one at Fairview is doing the same thing. So there is ongoing research into this area, and I feel that possibly the general revenue through these types of facilities should be expanded for dryland farming and not come from the heritage trust fund.

When you look at the heritage trust fund, we do have one section that could very well cover this. It's the Farming for the Future area. This could be one area that could be expanded into the dryland farming, and I'd like to see that area expanded there.

MR. CHAIRMAN: Thank you.

Does the Member for Westlock-Sturgeon have closing comments on this recommendation?

MR. TAYLOR: I appreciate the comments of the individuals. They're all very good ones. I'll try to address them in order. The Member for Athabasca-Lac la Biche felt that funds were sufficient that are now spent on nonirrigated research. That's a difficult one to answer because of the nature of research and the way it flows around the world. I suppose you could argue that we shouldn't have to do anything because there's no such thing as inventing a crop or a method of cropping or of foraging somewhere else in the world that doesn't sneak here pretty fast. In theory I guess we could sit back and ride on the world's coattails. My intent of the motion, though, was to try to balance what I thought was going on. We've got funds going into irrigation. I just wanted it to be balanced going into dryland.

That leads to the Member for Lacombe's very good point that 30 percent of the yield comes out of irrigation, but I'm just suggesting that dryland split - in other words, if dryland is putting up 70 percent of the yield, they should get 50 percent of the research dollars. That's all I'm arguing.

MR. MOORE: Good point, Nick.

MR. TAYLOR: Yeah. And his figures are right. It is a 30 percent yield, but I'm saying that glitz has got us. We're putting all our money into the sports car and forgetting about the pickup truck research, that type of thing. That's where I think the real improvement can be made.

Also, it's said that the funds may not come from HTF but from general revenue. That's a good point, and here again all I was trying to say is that those funds you do take out of the heritage trust fund should be split 50-50 between irrigation and nonirrigation projects. That's an entirely different point, whether agricultural research should be coming out of the HTF, and he may have a good point. I think we are taking too much out of the heritage trust fund, but as long as we're taking any out, I'd like to see a 50-50 split between irrigation and nonirrigation,

which I don't think is unreasonable in view of the 70 percent of our yield that we have from nonirrigation.

MR. CHAIRMAN: Thank you. We'll move to . . .

MR. TAYLOR: I'm sorry. The Member for Ponoka-Rimbey asked for exact figures. He has me there; I don't have them exact. It's just a feeling I get when I read through the whole thing.

MR. CHAIRMAN: We'll consider recommendation 24 and recognize the Member for Lacombe.

MR. MOORE: Thanks, Mr. Chairman. I'll read the recommendation into the record:

That no more projects, or expansion of existing projects, be considered until such time that funds are again flowing into the Alberta Heritage Savings Trust Fund from royalty revenue.

The existing projects in the fund, Mr. Chairman, are doing an excellent job. There isn't any of them not serving Albertans in some way. Our investment portion of the fund is serving Albertans very, very well. The interest from that investment, the revenue that is generating, helps support all our various worthwhile projects that this government leads the country with. Now, if we are to expand these projects - and I know some of these projects should be expanded; there's good reason to expand them, and there are many, many other excellent projects that could be funded if money was available - one must consider that once you expand or bring in new projects, you have to fund those from somewhere. Now, the only place that funding can come from in the heritage trust fund - because there is no more money flowing in at the present time; it is capped - is from liquidating investments and using that money to expand in those areas that are very worthy areas. The end result of that is that we cut down revenue pouring into the general fund and therefore create a shortage of funds there which would increase the deficit, which you know this government is determined to reduce to zero. Some people don't mind increasing the deficit, but this government does. We're very concerned there. That would be one of the end results. We would have to increase the deficit, because we'd have less money flowing from the revenue of the heritage trust fund into general revenue. It would have to be picked up there.

If we were to take on more projects or expand others, we may have to eliminate some projects we're involved in. I don't know which ones are involved, because they're all excellent projects. So we're caught in a catch-22 situation. At this time there is no way I see that we can expand projects or adopt new projects, no matter how worthy, without a detrimental effect on Albertans, which this whole fund is there to serve. Either we're going to pay higher taxes or we're going to cut down some of the projects that are operating within the fund. I feel that at this time we should just carry on doing the excellent job it is until such time as oil revenue is flowing back into the fund, and then we could address these things. We're identifying them as they go along, and we're doing an excellent job. This committee and the public are identifying them. The public feedback identifies a lot of excellent projects and areas for expansion.

So we have that being set out, and in the long-range planning we will be able to move into there once revenue is there. For the time being, Mr. Chairman, I think it's not to the advantage or the good of Albertans for us to expand or accept further projects.

MR. CHAIRMAN: Thank you.

Prior to recognizing the next speaker, the Chair would like to take the opportunity to recognize a school group that has just joined us in the gallery. I would advise the school group that they're watching the proceedings of the select standing committee on the Alberta Heritage Savings Trust Fund. It's an all-party committee brought together to review the expenditures and make recommendations from the Alberta Heritage Savings Trust Fund. The committee is presently reviewing recommendations.

We would ask the school group to stand, and we'll give you a warm welcome of applause from the committee. Thank you. It's nice to have you here.

MR. PAYNE: Mr. Chairman, I recognize and appreciate the tone of fiscal responsibility implicit in the remarks of the proposer of this recommendation. However, members will recall that earlier in our deliberations I had spoken to several recommendations submitted by myself, including recommendation 3 in which we would consider investment "in projects designed to expedite diversification of the economy," as well as my recommendation 4 in which consideration would be given to investment in a major recycling program. Of course, the likelihood is that additional expenditures and investments would be contemplated by these two recommendations. Obviously, I think I would be caught in somewhat of an inconsistency if I were on the one hand to support the Member for Lacombe on this motion and yet on the other hand persist with the two recommendations I have spoken to.

Finally, Mr. Chairman, members will, I hope, also recall my first recommendation: that the committee, aided and abetted by outside sources, review the goals, objectives, and performance of the fund. I would like to submit that until we were to have the benefit of the results of just such a comprehensive, multiparty, multisector review, it would be difficult for me to support in effect a straitjacket on policy.

MR. CHAIRMAN: Thank you.

The Chair recognizes the Member for Edmonton-Centre.

REV. ROBERTS: Thank you, Mr. Chairman. I, too, find this to be an interesting recommendation, particularly in the light of a couple of developments that have, I think, been talked about quite a bit. One is, as I referred to yesterday and as we've known for some time, the Premier's wish to have a \$200 million endowment fund for family life and drug abuse. My understanding was that that was going to be dollars from the Heritage Savings Trust Fund. I'd be interested to know from the Member for Lacombe if he's seeing that this motion, this straitjacket, would preclude that, because certainly it would be in violation of this as a new project.

As well, I understood that the way in which the dollars were invested, there could be some roll over or rolling in, that they could sell the Syncrude shares and invest that in the OSLO project, and that some manipulations of that sort can continue to go on. Now, if the OSLO project is seen as an expansion or a new project, is the member saying that the sale of the Syncrude shares or other liquidation of assets should just go directly into the general revenue and not into new projects under the Heritage Savings Trust Fund? That seemed to me to be the method: that this \$2.8 billion that was somewhat liquid could be liquidated and then perhaps reinvested - various good suggestions as we've had yesterday - in some endowment funds

which would protect the principal but would have interest bearing that would serve the people of Alberta well in very creative ways. This kind of creative use of the fund is something we need to be watchful of and exercise with much fiscal integrity. As stewards of billions of dollars of public assets here, we need to be able to invest it wisely on behalf of the people we serve.

I understand the dilemma of the fund being capped. It does seem to always be threatened. Of course, we know that prayer that is often on bumper stickers, particularly around Calgary. You know, it says, "God, please give us another oil boom and we promise we won't spend it all away," or some such prayer as that. I guess there is a feeling that we've spent it all. But I hear from the Treasurer that Alberta is booming again, that natural gas sales are booming, and that the trade deal is going to just keep Alberta right up there at the top of all kinds of economic development. So this kind of fiscal conservatism and lack of imagination, I think, is too much of a straitjacket both because of what we were told by the Treasurer in terms of where the province is going economically and because of the need to continue to be creative in terms of how we use the investment dollars. Whether it's for an OSLO project or for drug abuse or for social sciences and humanities endowment, which might be a new project, we should continue to move in more creative directions.

MR. CHAIRMAN: Thank you.

The Member for Wainwright.

MR. FISCHER: Thank you. Maybe I'll just pass because the motions down further are very close. You did group them together once, and you decided to take them apart again, did you?

MR. CHAIRMAN: Well, we made a proposal that they be grouped. That was not acceptable to the committee, so they've reverted back to the way they are outlined on draft 5, which you received this morning.

We give the Member for Lacombe the opportunity to close discussion on this recommendation.

MR. MOORE: Thanks, Mr. Chairman. I listened with interest to all the comments, and I agree with the Member for Edmonton-Centre. OSLO and the drug abuse foundation: he wonders how they fit into this motion. Well, if you read the motion, it says, "That no more projects . . ." These are announced projects. It's out there, so really they don't fall under the umbrella of my motion. They're out there. I'm saying at this point in time, and it's right there, at this date: "That no more projects, or expansion of existing projects, be considered." Now, those two major projects that will have a major impact on Alberta and are very, very necessary to the social and economic welfare of Albertans are not covered by this. I'm saying: from this point forward.

Any of the other ones that have concerns - because they have motions that do entail financing. They are excellent motions too, but we are just going to have to sort of land bank those motions as good projects. When the funds are here, they'll certainly be given consideration and brought into reality. Again, when revenue is flowing into it, we can address these things. It's nice that this committee has done such an excellent job of identifying them, bringing them forward, debating them, and we'll now have them there to move on when money is available.

MR. CHAIRMAN: Thank you.

We'll consider recommendation 25, and the Chair recognizes the Member for Lacombe.

MR. MOORE: Thanks, Mr. Chairman. I'll read that recommendation into the record.

That the government review the capital projects division projects to identify which areas of expansion, addition, and maintenance should be funded in future from general revenues.

I find that all the projects under the capital projects division were projects that were brought about because of funding available from the heritage trust fund at a time when there wasn't funding available from general revenue. They were excellent things, up and above, that provided tremendous opportunities and service to Albertans. But after they were established and operating over a period of time, which most of them have been, there comes a time when there's - I'm going to use Kananaskis Country as an example of this. Because of the demand on the service or whatever, there are requirements to put additional services in or expand certain facilities. When I look at the need to probably expand William Watson Lodge, should that be heritage trust fund or should that come under our general revenue? I think it should. From general revenue we are certainly supportive, and we have an obligation to our seniors and our handicapped to provide those services from general revenue, from the taxation base of this province. So now that we have that terrific facility there, as demands come for future expansion, that should be from general revenue as that demand increases. It will increase, hopefully not from the handicapped end but from the seniors, because seniors are living longer and there'll be more pressure to provide more of that type of facility in that beautiful area called Kananaskis Country.

The other use in Kananaskis Country is the Powderface Trail. It's a very necessary link between the Bragg Creek portion of it - Bow valley or Bow park or whatever they call it, that portion there - with the main Kananaskis Country. It will open up a great area for utilization by Albertans so they could go there and enjoy the camping and the outdoors and the scenery that is there to be had. That Powderface Trail should go ahead. But shouldn't that, Mr. Chairman, be under the transportation budget like any other road we build in a different area? It should not be a demand on the heritage trust fund, which is there to provide that extra for Albertans up and above what the tax base and the revenue should provide.

So I feel that we should review and identify all these projects and put them into the right area of funding rather than continually make demands on the heritage trust fund to provide these services. That is the intent of this motion, that we identify them. Then hopefully once they're identified, the government will move to accommodate those funding requests from the various departments that are involved. That's where it should be. The onus is on all taxpayers to provide roads for Albertans, more facilities for our handicapped and our seniors. I would like to see this done and the government act on it eventually.

MR. PAYNE: Mr. Chairman, I'd like to compliment the Member for Lacombe for bringing forward this recommendation to the committee. I think it makes very good sense, and would like to suggest that perhaps it could at some point be simply rolled into or made a part of the overall review posed in recommendation 1. That is to say, this recommendation we're now considering recommends that a review be done of the capital projects division, and that, obviously, could very well be one of the divisions reviewed in the overall review implicit in recommendation 1.

MR. CHAIRMAN: Thank you.

The Chair recognizes the Member for Edmonton-Centre.

REV. ROBERTS: Thank you, Mr. Chairman. I think it's got our agreement as well. It makes good sense that the government at least review this, whether it's part of a government review or a review which we'd like to set up under Calgary-Fish Creek's initiative. I think it makes good sense that we don't need to continue to be drawing on the trust fund for what really are general revenue purposes.

The only guidance, though, that I had during the hearings was when I asked the Premier what in his view were the criteria for when trust fund dollars would kick in and when general revenue should take responsibility for certain projects. He didn't have a very clear answer on that except to say that he thought the trust fund was for projects that were of a long-term nature that were going to be set aside for the long-term good of the people. But, my goodness; I mean, they build hospitals out of general revenue, and they're of a long-term nature for people. Why is the Walter C. Mackenzie any different than the Mill Woods hospital in that sense?

Anyway, we've got it now, but I think it needs to be reviewed in terms of any expansion, addition, or maintenance which should be indeed be funded from general revenue, and we'd give our assent to that.

MR. CHAIRMAN: The Chair recognizes Edmonton-Meadowlark.

MR. MITCHELL: Thank you, Mr. Chairman. I would like to support the motion as well. I believe it is important that we distinguish between one-time capital projects that would better and more appropriately be funded from general revenue; that in doing so we avoid, among other things, confusion with the creation of a duplicate bureaucracy and provide a better focus for the Heritage Savings Trust Fund. So I congratulate the member, and I support the motion.

MR. CHAIRMAN: Member for Edmonton-Centre.

REV. ROBERTS: Yes. I was just thinking too, Mr. Chairman, how it would also help to alleviate spending more money on what we have euphemistically called deemed assets, so that we wouldn't build up that nasty business of deemed assets. We'd make sure it was out of general revenue and not continue that charade.

MR. CHAIRMAN: Thank you. Prior to moving forward, the Chair would like to digress for a moment and recognize an additional school group that has joined us. We're happy to have them come, and would just advise them that they're watching the proceedings of the Alberta Heritage Savings Trust Fund committee, an all-party committee that is convened to consider the expenditures from and make recommendations for the Alberta Heritage Savings Trust Fund. We invite the group to stand, and we will give them a warm welcome of applause from the committee. Thank you for being here.

If there's no further discussion, we'll give the Member for Lacombe the opportunity for closing comments on his recommendation.

MR. MOORE: Thanks, Mr. Chairman. I took the advice of my colleague here on one point. I just thank my colleagues on the

committee for the support they have indicated, and hopefully this will come into reality.

MR. CHAIRMAN: Thank you. The Chair recognizes the Member for Lacombe for discussion on recommendation 26.

MR. MOORE: Thanks, Mr. Chairman. I'll read the recommendation into the record:

That a policy be considered for the Leduc food processing facility that would include

a) a user-pay plan implemented to move the facility to economic self-sufficiency;

b) when the facility is operating at a profit, it would be privatized.

Now, I make this motion – not that the original intent of the food processing plant was wrong; it was an excellent one, and there was nobody taking the initiative to provide that for industry, especially . . . Well, it's been basically the agricultural industry, because they're the ones that produce the food.

This excellent facility was built out of the heritage trust fund, as it should have been. It has served well. We have companies there coming in to test their products, the packaging of their products, and making it so that our processing industry here in Alberta can operate more efficiently. Also, the results of food processing allow them to export this expertise all across the world. Some of the things that have been tested and proven at Leduc food processing, I understand, have now been exported to other countries, and other major companies have bought that expertise. So that in itself is an economic benefit to Albertans.

Since it has been a proven facility and is being utilized by companies, it has now reached a point that it is not necessary for it, in my estimation, to remain part of government. The initial beneficiaries from the processing plant are the companies. They get the initial benefit. They bring their product or their idea or whatever it is to the facility. It is tested out and proven feasible or not feasible, whichever may be the case. But they make the initial benefit. They utilize that. Through the ideas that have proven feasible they create jobs because they utilize it in their operation; they create economic flow to Alberta, and the spin-offs to all sectors of Alberta come from that through the tax base and so on and the jobs created. So Albertans are secondary beneficiaries. They're definitely beneficiaries, but they come secondary to the companies that are using it.

So I think the heritage trust fund has done its part on behalf of the processing industry and companies in Alberta in providing the facility, carrying it through that initial start-up where costs are heavy and they operate with a deficit. We're through now, hopefully; it's getting close to where if we were to put it on a user-pay basis, it could sustain itself. I think that should be the goal: because companies are the initial beneficiaries, they should pay for that service, not be taking from the people of Alberta.

Once it's in that area on a user-pay basis, that it is break-even or better and can stand on its own feet, then it should be privatized and operate as a company that would provide this service to all companies like anything else in the free enterprise system. The heritage trust fund will have served Alberta well. It will have served industry well and it will have served the agriculture sector well by providing it – and then take that money and go on to some of these other projects we discussed here but just haven't the funds to carry out. I think a time has come that it'll eventually reach that point, if it hasn't now. I don't know, if it was put on a user-pay basis, whether it would be in the black now or not. But it should be a policy to move to that area, and then take that funding and use it somewhere

else.

MR. CHAIRMAN: Thank you.

Any other discussions on recommendation 26? Member for Ponoka-Rimbey.

MR. JONSON: Mr. Chairman, just a brief comment on it. While certainly the philosophy behind the recommendation is good, it would just be my view that there's a great deal more to be done in terms of providing support to the development of a food processing industry in this province. I think that when we consider agriculture as our most important industry in the province and the challenge that still faces the province in terms of having more value added, processing and production should take place within the province so that the benefits of that agriculture industry will accrue to the province. I think we've got to be quite cautious about moving out of this area of direct assistance to the processing sector.

To sum up my comment, Mr. Chairman, I'm just saying that there's still a great deal more to be done there. I don't think the processing industry in its fledgling state is ready for this at this particular point in time.

MR. CHAIRMAN: Thank you.

Member for Westlock-Sturgeon.

MR. TAYLOR: Mr. Chairman, I have difficulty with the motion. I think I like the principle of the idea that government-owned facilities should have a certain start-up period and if they're not making their way by then, they should be shut down. They shouldn't be a continuous cancer dragging on the taxpayers' purse. But sometimes they're doing a service that no other group is doing, say, like the post office used to or something like that. So I'm more interested in asking maybe if in his summation the hon. Member for Lacombe could answer a few questions.

I might have missed it, but . . .

MR. MOORE: Not too difficult, Nick.

MR. TAYLOR: . . . are the Leduc food processing facilities doing any work that is not being done anywhere else in northern Alberta or within a market area? Are they doing some processing that no other firm does, in which case I could see why it should continue. Secondly, does the member have any feeling that if it was put on the market today that it's a salable organization in the way it's operated today? Would anybody buy it? If in his summations – I think it would help me make my decision on how to vote later on.

MR. CHAIRMAN: Any other discussion on recommendation 26? Member for Athabasca-Lac La Biche.

MR. CARDINAL: Just a quick comment. I think that's no doubt the right direction to go. I think it's a good recommendation. But I'm curious, again, who the users are and how extensive the use is by the private industry. I would wonder what the economic impact of this project has been to the province to date. Before I'd support too many changes to scrap it or change it drastically that may have negative impact, I would think – if there was more information available as to what the economic impact of the project actually is.

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

MRS. BLACK: Thank you, Mr. Chairman. I am in favour of this motion because I think it shows that we as a government can be the catalyst to have new initiatives take place within the province. But I do agree with the Member for Lacombe that there comes a time when we have to back off and let industry function on their own, that we cannot continue to hold industry's hand along the way of development.

I think if there is in fact a need or desire within that industry to maintain this facility, then it would be up to that industry to make the investment within the facility and carry it from that point on. I agree that I think there are other areas within our investments whose time is ripe for us to transfer it over to the private sector and to allow the community to invest and carry the projects. I think they have to be individually evaluated. We have to look at the economics, and if there is not a need within the industry for the facility, then maybe there is not a need for us to continue on with the facility ourselves. We must get back to the basic philosophies of letting the community and the business sector and the working sector look after their own instead of us controlling for them.

So I'm in favour of this motion, but I think it's time we looked at the economics. I think it goes back to recommendation 1 from the Member for Calgary-Fish Creek, where we do the review. I think it's very important that we get back to that and look at what our objectives are and where we'd like to see the fund go, and I think this again fits into that pattern. But I do support the motion.

MR. CHAIRMAN: If there's no other discussion, we'll give the Member for Lacombe the opportunity for closing remarks on recommendation 26.

MR. MOORE: Thanks, Mr. Chairman. Well, I agree with most of the statements that were said. Now may not be the time to move away from government support, as it may not be able to stand on its own two feet. I think there are probably a lot of other areas; as the Member for Ponoka-Rimbey said, we are just getting into this area – and not, basically, move away from it and leave it hanging out there, so to speak.

Well, there's no intention to do that. As I say, once it's established on a profitable basis – and I think that industry should pay for some of this; they get the initial benefits. It may never come into an area where it will be self-sufficient, but hopefully it will provide the type of information that people will be able to pay for the actual cost of putting it together. I know it plays a major role, especially with smaller companies that don't know how to package their product. A lot of times they don't know how to market it. They have a product there, and they have great difficulty in putting all these various facets of putting a product from the raw material into the consumer's hands. This plant looks at all those and assists those small businesses.

However, that has a dollar value to that small business. If it hasn't got a dollar value, he shouldn't be in there. If he can't solve it himself, he should be prepared to pay a portion of it; it isn't the obligation of all the taxpayers of Alberta to maintain that for him. But there comes a time when, if it can't be self-sufficient, I guess, they at least pay a portion of the cost. If it does reach self-sufficiency, I don't think we should be making money on it. It should be turned over to the private sector and

let them operate it, because I'm sure – well, I'm not sure; I know that the private sector would operate it far more efficiently than the government would. There is a time frame for this to come about, and it all hinges on it becoming self-sufficient.

MR. CHAIRMAN: Thank you.

We'll move to consider recommendation 27, and the Chair recognizes the Member for Wainwright.

MR. FISCHER: Thank you, Mr. Chairman. The motion that in order to preserve the integrity of the Alberta Heritage Savings Trust Fund, the annual rate of inflation be considered before all investment returns are transferred to the General Revenue Fund is fairly self-explanatory. The intent of that is that we want to protect the principal of that fund like our endowment funds so that it is not eroded in any way and so that it is in line with our strategy of the heritage fund to begin with. Certainly one of the first recommendations is to save for the future. We can't do that if we watch our fund erode.

Now, I know that fund is very valuable right now to the province and to the people of the province in many of the programs. Our management has been such that we've been dependent on it. I agree that it's nice to have for a backstop, and I think we've done well with it, but there is a time, and I think the time is growing near – it may not be this year, but we should be thinking about beginning to put enough money back in there to cover the rate of inflation or leaving enough money there to cover the rate of inflation. Maybe we should even phase it in a little bit and begin with 1 percent the first year and then 2 and 3 and 4, until we get up to where we believe it would protect the fund itself. I am always fearful that once we get using that fund for the general revenue, we will get dependent on it, and it's difficult to get off that dependency unless we have some kind of a plan.

Thank you.

MR. TAYLOR: Mr. Chairman, I'd like to support the hon. Member for Wainwright's motion. I think inflation-type accounting is something that should be done more often than it is and in many other areas too. This would be a good start here, because I think we politicians have been guilty many dozens of years now of mapping out growth and curves and saying how wonderfully we're doing, but a heck of a lot of it is compounded inflation. If we can get a base type of accounting, or inflation-free accounting, used in much of our government projects – and we can start here – I'd certainly be in favour of it.

MR. CHAIRMAN: Edmonton-Meadowlark.

MR. MITCHELL: Edmonton-Centre first, Mr. Chairman.

MR. CHAIRMAN: I'm sorry. Edmonton-Centre.

MR. MITCHELL: But I know how you feel.

REV. ROBERTS: If you can imagine having two Liberals back to back – what that would do to us this morning.

I, too, would agree with this. In principle it not only makes good sense, but I think we've had several examples of this come up during our hearings. Whether it's with the Heritage Scholarship Fund or with the medical research, and particularly the endowment programs, having been in place for five, six, seven,

eight, and almost 10 years, they have been terribly eroded by inflation in terms of what their real value is and need to be supplemented at least by an inflation factor. I think that's only fair.

The problem I have – I mean, this is such a soft, wishy-washy kind of recommendation. It just says "be considered." It doesn't say who's going to consider or what they're going to do after they've considered it. It doesn't bind anybody to do anything; it just says "be considered." I mean, fine; we're considering it right now.

You know, it's too bad we can't amend these motions, because what we really should have is: that the Treasurer be directed to correct for inflation by preserving at least an inflation factor for particularly the endowment funds in the trust fund each year. As it stands now, it's a nice soft thing that sort of guides us in the right direction but doesn't really direct anyone to do anything in particular, as is necessary, I feel, and very urgent.

MR. CHAIRMAN: Edmonton-Meadowlark.

MR. MITCHELL: Mr. Chairman, I concur with the sentiment of this motion, and support it with some reservation that perhaps the member could speak to in his closing remarks. Like the Member for Edmonton-Centre, I would argue that the motion is somewhat vague, "considered" not really being a word that directs a given action or ensures a given outcome. But I do believe it is important that recognition be given to the need to allow the heritage trust fund to expand at least in an amount equivalent to inflation.

The one issue that I would like the member to address is what value he is placing on the Heritage Savings Trust Fund against which he would apply an inflationary factor, because clearly that raises the question of whether or not he would include the deemed assets in that value. If inflation were 4 percent, would we be considering 4 percent of roughly \$15 billion or 4 percent of \$12.5 billion?

So I would emphasize my support for the motion but ask that the member perhaps address that issue in his closing remarks.

MR. CHAIRMAN: The Member for Calgary-Fish Creek.

MR. PAYNE: Mr. Chairman, I don't really have any comments to make. I do have a question, though, that I'd like the Member for Wainwright to possibly answer when he concludes his remarks today. My question is this: if we were to implement this proposal, obviously then there would be a reduction in the amount of income moving from the heritage fund to the General Revenue Fund; in those years of deficit budgets, then, is the Member for Wainwright advocating increased borrowings by the General Revenue Fund or reduced program expenditures from the General Revenue Fund?

MR. CHAIRMAN: The Member for Wainwright with closing comments on recommendation 27.

MR. FISCHER: Thank you. I guess in answer to the last question first, right now I'm putting this recommendation in, and I mentioned that maybe we would have to wait a year or two until we have a balanced budget, but I would like to see them thinking about it soon. I also mentioned that we may have to phase in with 1 percent at a time in order to help not put too much strain on the transfer to the general revenue. It certainly is something that's going to have to be considered carefully by

the committee. I also would like to see them maybe put in 1 percent one year and be a little tougher on our general revenue budget and make some cuts, or at least not keep up with inflation with our general budget, which would help us.

The other thing, that Mr. Taylor mentioned, was to direct the Treasurer and that there weren't enough teeth in this. I must remind you that there is a trust fund committee that is in the back of the book, and we do not direct those people. We might help influence their direction, but we don't give them specific orders and have them follow them. It would maybe be nice sometime if we could do that, but certainly they've got a lot of other things to consider.

The deemed assets question. I think that the 4 or 5 percent on everything but the deemed assets would be a nice start. Now, the deemed assets in some cases, like the endowment funds, are already taking care of their inflation because they don't spend all the money out of those.

With that, I'm happy to see the support for this recommendation and look forward to getting it passed.

MR. CHAIRMAN: Thank you.

We'll recognize the Member for Wainwright to make opening comments on recommendation 28. Hon. member, would you just read the recommendation into the record first?

MR. FISCHER: Motion 28:

That greater emphasis be placed on Alberta Heritage Trust Fund investments that yield monetary returns until such time as the budget is balanced and the accumulated debt is erased. This goes along a bit with 27, as well. I'm very concerned about where we're going with our deficit, and I think we should leave as much money in money-making assets as we can until such time as we have the deficit erased.

A couple of years ago they did change the regulation of the fund and increased from 20 percent to 25 percent that could be put into deemed assets. Of course, that erodes the income off the fund, and I think we have to balance our budget and put our house in order as quickly as we possibly can. I see a lot of recommendations coming in now that are going to erode that income we are dependent upon. Possibly after another couple of years a lot of these recommendations, I think, will be very valid, but until then I'd like to see us go with this motion.

Thank you.

MS M. LAING: Well, Mr. Chairman, I have some concerns about this motion inasmuch as it would seem to violate the spirit and intent that was involved in the establishment of this fund. The fund was set up to save for the future, to diversify our economy, and to enhance the quality of life. I think to simply focus on monetary returns may very well violate that spirit. What we're talking about here are investments that can diversify the economy. To focus too strongly on simply monetary returns may be what we would say is short-term gain but long-term pain inasmuch as it may be okay for today but not leave much of a legacy for the future.

In addition, in a time when we're increasingly concerned about environmental concerns, the creation of meaningful work that pays at a decent wage level, I think just focusing on profit or monetary returns is a real mistake.

MR. TAYLOR: Mr. Chairman, I find again I'm supporting the Member for Wainwright, possibly at the expense of the Member for Edmonton-Avonmore in a way. I think the monetary returns may be throwing people off a bit. You get the extreme right



wing that says everything can be quantified in dollars and cents very quickly, and then you get the far out that says money is the root of all evil. Trust a Liberal to be coming down in between.

But I think what's often overlooked – and I've always argued good environment is good business. I really don't see the two as being separated. I think it's shortsightedness of both the right-winger and the left-winger when they try to say you can't use money or you can always use money. I've never seen something that is a good idea – it might be in a social sense; it might be in a long-term environmental sense – that doesn't turn out to be good sense economically. If anything, we've had driven home to us that concept in the last 15 to 20 years: good environment is good business; good social conditions are good business. We have found that they are not separated. I think possibly if there is such a thing as a classical Liberal position, it is that they are not separated. I think the argument we're hearing here, that money is everything on one side and the other side saying money is bad, is a 19th century argument. If I were going to take the thing at the very face value of the motion, I'd have to support it, although I don't support what the Member for Wainwright is saying, to support his motion. I don't support what the Member for Edmonton-Avonmore is saying against it. I think the motion as it stays on the paper makes sense and it's good.

**MR. MITCHELL:** Mr. Chairman, I support this motion, and I do for one central reason. I believe this motion addresses a concern we have raised with a number of the ministers who appeared before the committee, and that is the issue of quality of earnings currently in the Heritage Savings Trust Fund. I can't help but think that the Member for Wainwright must be referring in the drafting of his motion to the problem of the earnings of Alberta Mortgage and Housing, the Alberta Opportunity Company, and the Agricultural Development Corporation being counted as returned to the Heritage Savings Trust Fund, because clearly that is a problematic initiative on the part of the management of the fund.

So I do support this motion to the extent that it addresses the need to enhance the quality of earnings of the Heritage Savings Trust Fund so those earnings can be depended upon to assist in debt management and deficit management on the part of this government.

**MR. CHAIRMAN:** Calgary-Foothills.

**MRS. BLACK:** Thank you, Mr. Chairman. I'm probably going to choke when I say this, but in some respects I almost agree – heavy on the "almost" – with the Member for Westlock-Sturgeon. I think we have to address realities in life. Today we know we've got a deficit and a large debt, and ideally we would like to see revenues flowing from the General Revenue Fund to the heritage trust fund. The projects that have been mentioned through recommendations are all wonderful projects and I don't think anyone could disagree with any of those, but the reality is that there isn't enough money to follow through with all our wishes and aspirations. I do feel we have to address reality, and the reality is that we have to go into investments that are going to yield monetary returns.

I guess the term that was used by the Member for Edmonton-Avonmore, short-term pain for long-term gain, is in fact probably correct, because if we don't have the funds coming in, we can't possibly proceed with some of our projects that we feel would be a benefit to not only the people of today but the

society coming up after us. So I think that for the short term we have to take a hard look at what are our investments are going to be, and we have to in fact accept reality that we must look at investments that do have a monetary return.

**MR. CHAIRMAN:** If there's no further discussion, we'll recognize the Member for Wainwright for closing comments on recommendation 28.

**MR. FISCHER:** Well, thank you.

When the Member for Edmonton-Avonmore mentioned we're violating a principle, surely she's not suggesting that we leave a debt for our children. The first principle is to save for the future, and I can't see how that violates that principle. We should not be spending all the natural resource revenue in this generation, and that was why originally it was set up. I believe we have to take a careful look at our principles and not go too heavy on the second one in this generation.

It gets pretty interesting just where and how much of that heritage fund should go into recommendations 2 and 3. As we make recommendations to the committee, it seems there are more and more that come from recommendations 2 and 3 and how much should we improve the quality of life in Alberta now at the expense of our future generations. I would like to also just remind you that last year our committee did pass this motion, and I look forward to having it passed again this year.

**MR. CHAIRMAN:** Thank you.

Is there a member of the committee that has been asked to speak on recommendation 29 on behalf of the Member for Redwater-Andrew? I recognize the Member for Ponoka-Rimbey.

**MR. JONSON:** Well, Mr. Chairman, I'd first make the comment that perhaps if before our deliberations over these recommendations are done the Member for Redwater-Andrew is able to be with us, we might give him the opportunity to make a comment on the recommendation. But on his behalf, I would like to read into the record the recommendation

that given the Alberta Heritage Savings Trust Fund's commitment to maintaining our forest resource base, this committee consider the immediate release of funding to the expansion of Pine Ridge Forest Nursery in Smoky Lake.

Mr. Chairman, I believe members of the committee are well informed on the fine-quality facility that exists in the case of the nursery. We know how important that service is to the overall reforestation effort in the province. In fact, I would imagine the majority of committee members, if not all, have had the opportunity to visit that facility and to assess it firsthand.

It's my understanding, Mr. Chairman, from the remarks of the Minister of Forestry, Lands and Wildlife, that there is an initiative under way to expand the capacity of the Pine Ridge Forest Nursery, and certainly to pay for that expansion, there should be the release of the appropriate funding. Given it's my understanding that that is what is being requested here, I would certainly support this recommendation.

There is one question and one comment I would just like to leave on the record, and that is that I regard the expansion of the Pine Ridge Forest Nursery as being an immediate need but also support the recommendation that was passed last year and is supported by the minister, that as soon as possible a location be found for a more limited type of nursery in another part of the province in the area of northern Alberta which would be a container facility, as I think it's referred to, for the production



of trees. There are a number of good arguments for that, which I won't go into right now, but it's my understanding, Mr. Chairman, that this is for the phase of expansion currently being planned. Certainly funding should be provided for it, because there is a need for this service right now.

MR. CHAIRMAN: The Member for Lacombe.

MR. MOORE: Thanks, Mr. Chairman.

This is an excellent recommendation for the intent, that this be maintained and probably expanded. That program is one that's very, very important to the future of Alberta, especially our forest industry. However, I think it's just one of these excellent projects we're identifying, as I said, under motion 24 that we'll put in our bank of good projects to be addressed when funding is available from the heritage trust fund.

However, that doesn't mean that we will neglect that area, Mr. Chairman, because we have many excellent, privately operated nurseries that can fill the need that isn't met by the Pine Ridge nursery. In fact, they are subletting a lot at this time.

MR. JONSON: There's one at Lacombe, isn't there?

MR. MOORE: Yeah. They are subletting a lot at the present time, and this could be expanded. So we're not speaking against or doing anything negative to meeting the demand for seedlings out in the forest industry. The private sector can expand very rapidly to take up that slack because it's not there or there's lack of production and we are unable to provide from Pine Ridge.

The other area, too, that must come under utilization is the general fund – again on another motion of mine. This is an area that can be expanded at Pine Ridge and the funds come from general revenue. I'm sure the forestry minister is considering that as he weighs the benefit between the private production of seedlings and the government production of it. If he feels it's a saving to Albertans, I'm sure he will make sure in his budgetary process that there is money to expand Pine Ridge to meet this need. No question about it; the need is there. It's going up every year. The research part of the Pine Ridge nursery can cover the expansion in all these areas. We don't need to go further. We have the research facilities there as to the type of trees, how to plant them, what time to put them in the fields and so on to get the maximum growth and the maximum life to them, so they don't die out as soon as they're planted and so on.

So the problem is presently being addressed in two other areas. I feel it's just another one of these good projects we will look at further down the road when revenue is coming into the government.

MR. MITCHELL: Mr. Chairman, while I am concerned that the province have sufficient capacity to reforest those areas that will be "harvested" by the logging and pulp industry in Alberta in the future, and while I believe that greater capacity is required, I am forced to vote against this particular motion because I believe funding such an initiative is not appropriate any longer from the Heritage Savings Trust Fund.

The reason I believe that is that I think it underlines a weakness in the government's consideration with respect to these forestry projects. Reforestation is not some kind of one-time, special Heritage Savings Trust Fund project. The scale upon which this government has launched us into pulp projects is such that surely they must have considered reforestation as an ongoing initiative, an ongoing requirement and responsibility of

the General Revenue Fund. I would hope they would have considered the funding of that initiative from the revenue they will receive from selling our forestry resources. While the economics of the price they have set on those resources seems to be extremely questionable, one would hope they have factored into that price some assessment of what it costs to reforest. So certainly, unless revenue from the forestry industry was going into the heritage trust fund – and even then it's questionable – it is extremely difficult to consider how and why we would want to fund an expansion of a forest nursery out of the heritage trust fund. That is clearly a responsibility in an ongoing way of the General Revenue Fund.

MR. CHAIRMAN: If there's no other discussion, we'll give the Member for Ponoka-Rimbey the opportunity to close discussion on recommendation 29.

MR. JONSON: All right. In conclusion then, Mr. Chairman, just a couple of points on behalf of the Member for Redwater-Andrew. One is that this particular facility, originally set up by Heritage Savings Trust Fund money, is in need of expansion. We do not want to see that expansion inhibited at this particular time, and it's necessary to provide the funding as originally planned.

The second point is that the comments other committee members have made about an eventual cost recovery approach to providing seedlings are very good. I also think the suggestion that more utilization could be made of the private-sector tree nurseries is certainly relevant. I think the member sponsoring this resolution would support those initiatives. But, Mr. Chairman, in this particular case we have an expansion which is planned and supported, and the funding needs to be provided so it can be properly taken care of and completed.

MR. CHAIRMAN: Thank you.

We'll recognize the Member for Ponoka-Rimbey to open discussion on recommendation 30.

MR. JONSON: Yes, Mr. Chairman. I would read into the record the recommendation:

That the government review the implications of allocating an additional \$150 million to the Heritage Foundation for Medical Research.

Mr. Chairman, the Heritage Foundation for Medical Research is certainly fulfilling the objectives assigned to it relative to the overall objectives of the Heritage Savings Trust Fund. Its accomplishments are well known to committee members, and I think they're very well known and appreciated, in a general sense at least, by the public of the province of Alberta. The initiatives that have been made in medical research through the heritage medical research foundation are having a widespread impact in the province not just in terms of probably the most important part, the improvement of health care not only here but across North America, but also in terms of attracting people to this province. It has an inspirational effect on the total medical community, an overall effect on the improvement of health care in the province.

Now, for the past year at least, and I think it goes back somewhat prior to that, the chairman and the president of the heritage medical research foundation have been requesting that this committee and also, I think, the appropriate ministers of the government enter into a dialogue over what was viewed, after careful consideration by the chairman and the president and their respective board of directors, as being a major need as far

as the fund was concerned. That was that there be an additional amount of \$150 million provided to the medical research foundation, and as I understand their reasons, to the degree they were able to discuss them at the committee when they were here for their hearing, they feel that, number one, there is the need to keep pace with inflation. Secondly, there is the need to keep the impetus, shall we say, of this particular unique type of government support for medical research going. They obviously feel there are areas of need, areas of opportunity, as far as medical research is concerned that are not being taken advantage of right now. I'm sure they could go on, Mr. Chairman, with a very thorough presentation of the rationale for this addition to the endowment fund.

To this particular point in time it's my understanding that that opportunity to thoroughly discuss this recommendation from the foundation has not been there. I feel it's important that before we in a sense lose the expertise and the closeness the chairman and the president have to the foundation, there be an examination of their rationale for this increase in funding. Therefore, I make the recommendation.

Mr. Chairman, in framing the recommendation, I had thought of putting in a smaller amount to merely address the inflation factor, but I see that the Member for Edmonton-Centre has in a sense taken that approach.

In conclusion, Mr. Chairman, I do think that given the good track record of this particular foundation, its importance to the province, the successful way in which it has achieved its objectives as assigned to it initially, we do owe it to the people involved and also owe it to the province to have a careful look at the pros and cons of their recommendation, and I do not think this opportunity should be missed.

MR. TAYLOR: Point of order.

MR. CHAIRMAN: Point of order, Westlock-Sturgeon.

MR. TAYLOR: Mr. Chairman, I don't think the motion makes sense. It says "review the implications." It seems to me you should be having the motion say we're refusing something or there's a certain amount of money or referring back. But "the government review the implications" – was it the government . . . This is the heritage trust fund, isn't it, that's allocating the money? In other words, I think it's a poorly drafted motion, and I find it hard to vote for or against it. I've heard the member's explanation of what he wants done, but I don't think the motion does that. "The government review the implications of allocating" – I think that outside of waiting for the second coming, this is about as airy-fairy as you can get.

On a point of order, Mr. Chairman, I think you should reject the motion unless it's worded better.

MR. CHAIRMAN: I'm not sure that's a true point of order, hon. member. Perhaps we could phrase it as a point of information on clarification from the member who sponsored the recommendation.

Does the Member for Ponoka-Rimbey want to respond?

MR. JONSON: Well, Mr. Chairman, I'll wait to see if there are any similar wise comments.

MR. CHAIRMAN: On this same point of information, the Member for Edmonton-Meadowlark. Is that where it's at?

MR. MITCHELL: No, I want to speak to the motion.

MR. CHAIRMAN: You just want to get on to the motion.

MR. MITCHELL: Yeah.

MR. CHAIRMAN: Member for Westlock-Sturgeon, that was your total point?

MR. TAYLOR: I don't think it's a possible motion to vote on. I think any motion you can debate on, but all motions should be able to be voted on eventually. In this motion it's not clear what they're after.

MR. CHAIRMAN: I believe we have to leave the motion as it's submitted, hon. member. The members will have to make their own decision whether they wish to support it or not support it in its present form, because we can't amend it.

I have to ask the Member for Edmonton-Centre, did you wish to speak on this? I couldn't tell if you had your hand up a moment ago or not. If not . . .

REV. ROBERTS: Yeah. I just didn't want to talk on this point of information.

MR. CHAIRMAN: You're speaking to the recommendation?

REV. ROBERTS: Right.

MR. CHAIRMAN: The Chair recognizes the Member for Edmonton-Centre.

REV. ROBERTS: In my addressing the main motion, I too would like to flag my concern about the soft language in terms of what "review the implications" means. I guess I'll just leave it, insofar as I trust the member and the committee need to be in a position to send out some right signals here in terms, as has been said, of evaluating what has been done through the Heritage Foundation for Medical Research and saying an excellent job has been done to date but there are some concerns down the line about what they need to have in order to continue to recruit first-class medical researchers and the impetus they need to continue their original mandate.

Again, as the Member for Ponoka-Rimbey has said, I have taken much more the inflation approach in my motion 65, which we'll debate later. But one of the first questions I'd have is where the \$150 million came from. Maybe we should have asked them when they were here before the committee, because they did cite that figure in particular. I'm wondering if it was just pulled out of the air or whether it does represent what they feel to be the inflation factor. I have no way myself of determining that. That's the first question I'd have, about why that figure in particular when we know they admitted to having now \$509 million in their endowment, given how it's been invested and what the \$300 million has gone up to.

As you know, Mr. Chairman, I have been concerned about the overall context in which medical research is going on in this province, and that's why again I'd like to have some of the implications reviewed. But I am wanting to proceed with assurances from the Minister of Health that in fact she is looking at the full context with other departments and that will be taken care of.

I also have some concern about just how much of the money

that has gone through them to date has actually gone into the building of those two buildings, the one in Calgary we went to and the one here. I'm still not clear where the funding for the capital construction of those two buildings came from. If it has come from their endowment funds, then certainly I can see why they're behind the eight ball in a sense, because those buildings cost a lot of money to build and, I'm sure, would have eroded what they would want otherwise to have spent in terms of funding actual researchers doing research and not building buildings that are now half empty. So that's another question I'd have. But I would think the main point, as I see it, is that given these other considerations and the fact that they are being investigated and an accounting is being made, the bottom line needs to be sending out the right signal not just to the board of the foundation but also to the medical research community as well as to the more international research community. Yes, Alberta has begun this in a serious way and will continue to fund it, at least in a fair mode of correcting for inflation and maybe even being a bit more generous as time and dollars will allow.

But I think, as we've talked about earlier in this committee, when the government makes a commitment to a certain area, it needs not to try to renege on those commitments. It needs to have its guarantee honoured and the integrity behind that realized. So in that way I agree with the intent of this motion, though I think mine coming up, number 65, will be a better one. I would say, though, in conclusion that when we come to vote, whenever we have that day to vote, if this motion passes, then I'm likely to withdraw mine. But we'll wait to see at that time just how the chips fall.

MR. CHAIRMAN: Thank you.

The Chair would like to digress for just a moment and recognize two school groups that have joined us in the two galleries and to advise the school groups that they're watching the proceedings of a 15-member all-party committee known as the Alberta Heritage Savings Trust Fund committee that has been convened to consider expenditures from the Alberta Heritage Savings Trust Fund and to make recommendations to the Executive Council and to government for the direction the Alberta Heritage Savings Trust Fund should go. We invite you to stand and receive some applause and a warm welcome from the committee. Thank you.

The Chair recognizes the Member for Edmonton-Meadowlark.

MR. MITCHELL: Thank you, Mr. Chairman. I share the concern of my colleague from Westlock-Sturgeon with respect to the wording of this particular motion. I am sympathetic to the problem encountered by the member supporting or advancing the motion, of course, and that is that he's saying not that he wants to advance \$150 million but that somehow he wants to assess the need to advance it. Certainly that's an important step before we could ever determine that that \$150 million is warranted.

However, once again it's not the government that I would hope would review it; it's the Heritage Savings Trust Fund committee. It's difficult to know, really, what the thrust of this review would be given the ambiguity of the wording. But I would also like to point out that I find it difficult to understand how on the one hand the member could be supporting a review of this very significant feature of the fund, the proposed expenditure of an amount equal to 1 percent of the total "deemed value" of the fund and an even bigger percentage of the actual value of the fund while at the same time speaking against the motion moved

by his colleague from Calgary-Fish Creek, motion 1 on our list, asking "that the goals, objectives, and performance of the Alberta Heritage Savings Trust Fund be reviewed by the select committee" and that we retain private-sector consultants to do that. It seems to me that it would be essential to review the entire fund with respect to its goals, objectives, and performance in order that we could make an assessment and, therefore, review properly the proposal to allocate \$150 million to the Heritage Foundation for Medical Research. I think it's highly selective on the part of the member to say he wants a review for what he's interested in but doesn't want a review for everything else.

I would ask him to support motion 1, which would de facto render his motion unnecessary, and the ambiguity he finds himself having to utilize in advancing that motion would, of course, no longer be a relevant issue. So I won't be supporting this motion. I will be supporting motion 1, and in doing so, I will be supporting the sentiment that has dictated the member's motion.

MR. CHAIRMAN: The Member for Lacombe.

MR. MOORE: Thanks, Mr. Chairman. I look at this motion and look at the actual wording of it, and I find that some of the members here have gone far beyond the wording as to the actual spending of \$150 million. But one must remember that there are some very pressing demands - I wouldn't call them demands; I'd call them requests - from the people involved in the Heritage Foundation for Medical Research for additional funding. They are requesting it; I think last year it was \$90 million they needed to carry on, and so on. They are now requesting up to \$150 million.

When you receive a direct request from a very reputable group of people, who make up the Heritage Foundation for Medical Research personnel, on a consistent basis last year and then for additional funding this year, perhaps it is time we looked at this specific one because of the area it is in, the health and the future health of all Albertans and all Canadians. In fact, they're working on projects there that would benefit all mankind.

We should look at the implications of allocating that. One of the implications is the utilization of the dollars up till now, the utilization of the dollars if it was put in, the immediate need now or the need down the road; therefore seeing growth and wanting to put funding in place ahead of that growth. All these things have to be answered before you spend \$150 million. The Member for Edmonton-Meadowlark pointed that out. He said that, you know, it's such a big portion of the fund that we're looking at in this particular area. And it is.

Because of that pressing demand and the public perception out there of it, I think we should look at it before we say no or yes or what. The motion is really in order, and if we look at it, it isn't talking about spending \$150 million. It says, "That the government review the implications of allocating . . ." I think those implications should be reviewed because of the calibre of the people who are requesting it, the calibre of the area they're working in, and because it's something that affects all mankind.

MR. CHAIRMAN: Thank you.

We give the Member for Ponoka-Rimbey the opportunity to close comments on recommendation 30.

MR. JONSON: Yes, Mr. Chairman. I'd just like to make a few

improved, although I can't help but mention as an aside that if we're going to nitpick over the specific wording of recommendations too much, we could cut down the list of recommendations right now by wiping out recommendation 34, put in by the green party, and a few others.

In any case, Mr. Chairman, I acknowledge that there may well be a way of improving the wording of the recommendation, but I hope we don't lose sight of what the purpose of this recommendation is. I think the wording is sufficient to accomplish that if it is passed. That is that the leaders of the Heritage Foundation for Medical Research have requested of this committee and also, in their remarks to this committee, of government in total, involving the appropriate ministries and so on, that they have an additional opportunity to what has been accorded them before this committee to enter into a dialogue to explain, to bring forth information by which their request for additional funds could be assessed. Mr. Chairman, I don't think they would have found just the review of this committee to be sufficient in terms of who they would like to have involved in this overall review of their information and evidence and arguments. Therefore, I used the all-encompassing term of "the government" and would request the initiative be there, hopefully certainly involving this committee.

REV. ROBERTS: Point of order.

MR. CHAIRMAN: Are you sure it's a point of order?

REV. ROBERTS: Well, the order being that I could not hear that last sentence.

MR. CHAIRMAN: Okay. Point of clarification?

MR. JONSON: Yes, Mr. Chairman. I was just acknowledging that you could certainly list more people that this might be directed to, but I used the one term of "the government," period.

REV. ROBERTS: I see. Okay.

MR. JONSON: So, Mr. Chairman, I feel we should not leave the request they made for consideration of an addition of funds and not follow up on it. That in essence is the purpose of my recommendation. I do not want to see that lost. I want to see there be some follow-up on their request and what I think would be some very worthwhile information to consider.

MR. CHAIRMAN: Thank you. The Chair recognizes the Member for Athabasca-Lac La Biche with opening comments on recommendation 31.

MR. CARDINAL: Thank you, Mr. Chairman. I'd like to read into the record the recommendation

that a scholarship 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 agreement boundary be used to identify the eligible area, and that the funds do not duplicate other existing programs.

Basically, the reason for this recommendation is to encourage better participation by northerners. A greater population would be native people that seem to have a lower participation rate in universities and colleges presently. It also, of course, further indicates that the fund should not duplicate existing programs, and some of the existing programs that are available, of course,

are through the Canada-Alberta northern development agreement. They have a bursary program. Indian affairs has student loans programs and bursaries and other normal scholarship programs that are available across the province, but it seems the existing system does not address the needs as well as it could. I believe more innovative types of scholarships could be put in place. That would speed up the transition of the education of northerners, and specifically again in the remote communities, the dropout level is still between grades 10 and 12, and it doesn't seem to go beyond that, other than an odd case here and there.

The innovative type of scholarship could be a family-operated scholarship on a matching dollar basis, because it seems that in a native community in particular, when young adults move forward in their education and overall family development, whole groups of families move rather than one individual. Therefore, I would say that if you established family scholarships on matching dollars, it may encourage families to get more interested and organize programs to encourage better participation. The other avenue, of course, that's available across the north is that there are, I believe, anywhere from 24 to 27 community school boards which take up the Northlands school division area, which is within the Canada/Alberta northern development boundary area. Again, there may be community scholarships operated by community school boards and community organizations on possibly a matching dollar basis.

I would like to leave it at that, and I would hope the members here would support that motion.

MR. CHAIRMAN: The Member for Edmonton-Avonmore.

MS M. LAING: Thank you. I just have a couple of concerns I would raise with the wording of this motion. I think it certainly is to be supported. But I sometimes am concerned when we focus too much on merit without due emphasis on need, because I think sometimes when students who have been average or slightly above average reach university, they achieve very well and can make a really significant contribution. I think when we focus too narrowly on merit - and this may not be the intent of this recommendation - we miss a lot of so-called average people who can make a tremendous contribution given the opportunity. So I guess that's the only concern I would raise with this motion.

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

MR. MOORE: Thanks, Mr. Chairman. I can understand what prompted this motion, because living in central Alberta, we feel sometimes that Edmonton and Calgary have more advantages in all things: education and so on. I can see the people living in northern Alberta feeling even further isolated from opportunities they feel don't exist for them up there.

However, I would feel that we have a serious problem if scholarships aren't equally accessible to northern Alberta, southern Alberta, and central Alberta. I would think everybody has that opportunity, and they should be treated equally on this. I imagine it is indeed a fact that any students, whether they live in Lacombe or High Level, have the same opportunity to qualify for scholarships. To set up one established just for one given area would certainly set a precedent. I'm sure the people of central Alberta would say, "We want one just for us," and I can see the people in southern Alberta saying the same thing. We should as legislators be concerned not to allow certain things like

this to happen – that one area is treated differently and then have other areas come in – and make sure the scholarships are available to every student in the province on an equal basis and are within their means to access. You know, you can't put these scholarships to too high a level. Those are areas we should be addressing, I think, rather than addressing this concern.

It's a real concern in the north. I know it is. I've been in northern Alberta. They feel they are isolated, that they're neglected by the heavy urban areas to the south, and in many cases they are. But there are other parts of the province that feel the same thing. No matter where we live, we always feel the heavier concentration of people and dollars get an advantage over us. But in this area I feel we shouldn't move into establishing separate scholarships for separate areas of the province.

MR. CHAIRMAN: Thank you.

The Member for Westlock-Sturgeon.

MR. TAYLOR: Mr. Chairman, I'd like to speak in support of the motion, because certainly one of the efforts we should be making in accessing education is to make it as equal as possible to all Albertans. That means not centrally locating it so much as the fact that some people have different hurdles to make. Some might be distance. It may be a case, because we have so many native people in the north, of habit or training. But those are hurdles nevertheless, just as much as distance would be, also income.

I think the very fact that the federal government has recognized this in their income tax regulations and in their living allowances for years, and the provincial government to a lesser extent, indicates that there is a problem. If indeed it is a problem for income tax, if indeed it is a problem for living allowances, then why wouldn't there also be a problem getting an education? Because education involves living allowances and involves expenses. So I think they have a unique problem. The border has already been spelled out. It's not as if we have to go out and create anything. We're already doing it, as I mentioned, in the fields of income tax and living allowances and fuel allowances, so why not into the education field? It seems to make very common sense.

As a person who started my family in the north and lived in Peace River some years, I'm fairly familiar that there are great joys to be had living in the north, but there are also some very costly additions that have to be met. I think that recognizing both the distance, social cost, and also, as I say – I don't like to use the word "racial," but almost that. There is a group that has been shut out, because of our system of schooling, from a great deal of opportunity. I pointed that out in another resolution where I'm trying to get the university extension library back.

That was cut off a few years ago – something the north almost exclusively used. And – I forget – there was another resolution I had that was also beamed to the rural north.

So I think that certainly if the north is going to march side by side with us after the year 2000, this would be one of the steps in the right direction.

MR. CHAIRMAN: Thank you.

If there are no other comments, can the Member for Athabasca-Lac La Biche conclude in the time we have left? If he can, we'll recognize him.

MR. CARDINAL: Very quickly. I would hope the words "demonstrate merit" do not exclude people, because I think what I meant really is that the people who have initiative to go on to university or higher education should have the opportunity, and it would cover need and people with average marks.

In the area of the north/south boundary, the Canada/Alberta northern development agreement boundary was established by the federal and provincial governments jointly to identify an area that's socially and economically depressed. I think the boundary is still there for those reasons.

Therefore, I would still strongly support that we consider that. You know, of course, any innovative types of programs that work in the north and other parts should be available to southern Albertans if the dollars are there. If the demonstrated need is there, then I agree they would be available. But I think that's one thing with scholarships; we should look at scholarships as investments in society rather than expense. Because I think that with good education we have an overall development of an individual and in turn have a productive society where people are paying taxes rather than living off the taxes.

So I'd like to thank you very much, Mr. Chairman, for this opportunity.

MR. CHAIRMAN: Thank you.

Our time is spent. The Chair would like to advise the committee that I had an opportunity to review the schedule of some of the members in an effort to arrive at a date for an additional meeting to discuss recommendations. It would appear that although we can't satisfy one hundred percent of the people on December 6, we are very close to it. It's the intent of the chairman to issue a notice today that there will, in fact, be a meeting on December 6, both morning and afternoon. Hopefully with that day we could conclude the recommendations.

I'd entertain a motion for adjournment. The Member for Calgary-Foothills.

[The committee adjourned at 11:58 a.m.]

