

10:02 a.m.

Tuesday, December 3, 1991

[Chairman: Mr. Ady]

MR. CHAIRMAN: I'd like to call the meeting to order. When we adjourned last week, we were in the middle of debating recommendation 29, and we'd had some speakers on that recommendation. Are there others who wish to speak to that recommendation? The Chair sees no other people wanting to speak.

Is there anyone here prepared to move recommendation 30? Ponoka-Rimbey.

MR. JONSON: I might suggest that technically, Mr. Chairman, it's probably being moved by being entered here by the Member for Westlock-Sturgeon.

30. Mr. Taylor recommended that the occupational health and safety heritage grant program co-ordinate with AADAC and the Alberta Family Life and Substance Abuse Foundation research into the use of alcohol and drugs in the workplace.

MR. JONSON: I'd just wish to make the comment that it seems to be a very general recommendation. I think the key action word is "co-ordinate". It would seem to me it's hard to argue against an effort being made to co-ordinate anything the government does among different agencies involved. Certainly the work of AADAC and the Alberta Family Life and Substance Abuse Foundation are important. The foundation would be taking on a major role in terms of research, but AADAC would still have a role to play in terms of applied research. I think the lines of demarcation and co-operation need to be established, and there needs to be co-ordination, so I think there's some merit in this particular recommendation.

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

MR. HAWKESWORTH: I don't know whether this is a point of order or not, Mr. Chairman. I had some notification that the meeting had been changed from room 512 to the Chamber. Is that for next week or today's meeting, so everybody will be well aware that we're meeting here today and there is no reason for them to think the meeting had been canceled or changed or anything like that?

MRS. DACYSHYN: The meeting was never changed. It was always in the Chamber.

MR. HAWKESWORTH: Okay.

MR. CHAIRMAN: Is there confusion in the minds of any other committee members about where the meeting will be held today? The Member for Lacombe.

MR. MOORE: I'm not answering your question, Mr. Chairman. I just want to make one comment relating to recommendation 30.

I think we all know the work of AADAC and the Alberta Family Life and Substance Abuse Foundation. They complement each other very well; they have their own mandates. I feel that setting up another co-ordinating body above them is just another layer of bureaucracy both have to answer to, and it is not necessary because they're both operating very, very well within their own mandates.

A comment on your question: I received my notice on the change of rooms very clearly and well in advance of today.

MR. CHAIRMAN: Thank you.

Are there others wishing to speak to that recommendation? If not, we'll move to recommendation 31.

31. Mr. Mitchell recommended that deemed assets as distinguished in the 1990-91 Alberta Heritage Savings Trust Fund annual report be excluded from the balance sheet in the future and be described only in a note to the balance sheet.

MR. CHAIRMAN: Those wishing to speak to recommendation 31? The Member for Calgary Foothills.

MRS. BLACK: Mr. Chairman, recommendation 31 calls for the elimination of the deemed assets as presented in the financial statements of the trust fund. I'm very much opposed to that. I feel they're an important part of the trust fund as they lay out the investments that have been taking place with the fund in such things as the scholarship programs and the parks areas. I think it's important that people know those assets in fact do exist.

In my own recommendation I have asked for more market value placed within the schedule of deemed assets, and I think that would be more appropriate than eliminating the deemed assets and having a simple footnote. The schedule attached to the financial statements is far more descriptive and provides far more information for not only committee members but the public at large. I think that's important, so I'm very much opposed to deleting them from the annual report.

MR. CHAIRMAN: Thank you.

The Member for Lacombe.

MR. MOORE: Mr. Chairman, this thing has been brought up so many times in the minds of one or two people who apparently do not have an understanding of financial statements. That's very evident or they would not have brought such a motion forward. They attack the deemed assets continually as if they have no value, and they have tremendous value. The value of those deemed assets has been stated in this House many, many times, and they should appear as an asset.

Now, to address this so there's no misunderstanding - even if you were the corporate president of Principal Group you would understand it, I would think. [interjection] Yeah, I would think you'd understand it now. I'll just underline so it's on the record. If you go to the financial statements, how many pages are put to it? Pages 25 to 30 are all you have to look at. It is described verbally what deemed assets are, so you should be able to understand it. Then we go to the balance sheet. It is broken down on page 41. Anybody can see it. Deemed assets are set up as a separate entity on the balance sheet so there's no misunderstanding. Then we go to pages 55 and 56 for a schedule where they break down the total that shows on the balance sheet, and it's so indicated on the balance sheet. It says to refer to schedule 6. It explains fully the dollars and cents involved. I think that even if you were a grade 7 student in school, you could understand that fully. It's clearly there, explained so the citizens of Alberta can see where their money went in the deemed assets section and the value of it to them when you go back and look at the projects undertaken.

I just cannot understand why anybody cannot understand this. You don't have to be a chartered accountant. Just a layperson out there in the public could understand it clearly, verbally, and then it's broken down in the figures right to the last dollar accounted for. It's very difficult to accept that we have a motion such as this on the paper.

MR. CHAIRMAN: Others wishing to speak to that recommendation? The Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. With all due respect to the comments made by the hon. Member for Lacombe, if this is an issue in the minds of a few people who don't have an understanding of financial statements or how to read a balance sheet, I have a great deal of concern if that's in fact the case, because of course this issue has been raised and continues to be raised by none other than the province's Auditor General. If the province of Alberta's Auditor General doesn't have an understanding of financial statements, then he ought to be replaced. Now, I'm not advocating that, because I certainly think he knows as much as anybody in Alberta how to read financial statements, how to prepare them, and how to interpret them. I don't have any concerns about his ability to do that. In fact, the reason this issue continues to be raised year after year is because the Auditor General has taken a position on it, a professional position as the Auditor General and as an auditor, which he feels needs to be disclosed year after year in his report.

I only need to refer hon. members to what the report says, the very first page when the Auditor has reviewed the financial statements that have been prepared by management. He either signs them off or states his reservations, and he believes that to call these assets under the capital projects division, to deem them to be assets, doesn't really give a proper understanding of the fund's financial position. He's simply saying that these funds have been spent, or at the most, where the assets are in existence, those assets fall under the responsibility or ownership of other organizations and don't belong to the fund, therefore it leaves a false impression in the financial statements to pretend that they in fact are assets of the fund. He's saying that's just not an appropriate way to handle it.

10:12

Now, as the Auditor General's report states, management has taken the view that the Act requires this kind of disclosure. That may be true. This may simply be a question of the legislation governing the trust fund Act requiring this sort of reporting and that's the source of the problem. But it seems to me that the motion on the floor to add a note instead of a schedule to the financial statements would allow for the reporting requirements of the Act itself and, at the same time, would not lead someone to arrive at a false conclusion or false understanding of what the financial position of the fund really is.

So I think the motion put forward by the Member for Edmonton-Meadowlark is one that ought to be supported. It certainly is in keeping with what the Auditor General has said year after year about the fund itself and the fund's financial statements.

MR. CHAIRMAN: The Member for Calgary-Foothills.

MRS. BLACK: Thank you, Mr. Chairman. Just to follow up on the Member for Calgary-Mountain View, I disagree with his opinion on this in the fact that it's very clear that these assets are treated differently from other assets in a more liquid state. I think it's important people realize that there is a recoverable value to the majority of these assets within the fund that are listed as deemed assets. When we look at some of the projects again, say the property in Fish Creek park, the land value is listed as \$27 million, and we're looking at 3,200 acres of prime real estate land in the city of Calgary. There's definitely a market value there. If at some later date there was the will to dispose of that asset, then it would be refunded through the heritage trust fund. I think it's

kind of naive to say there's no value to it and therefore it should be removed, because there is in fact value there. And there's value in the endowment programs that exist. One of them, the Alberta Heritage Foundation for Medical Research, was listed at \$300 million endowment, and the present value of that fund, from what I understand, is over \$500 million. So I think those kinds of evaluations should be listed in the deemed assets and should be made available to the public. If these assets had been combined with other assets of the fund like the marketable securities, et cetera, then I think that may have been confusing, but because they are segregated and listed separately on the financial statements, there cannot be any doubt that they are in fact dealt with differently in long-term investments of this fund.

I think it's also important to remember that when the Auditor General was present he clearly told us that in fact there are no generally accepted accounting principles for public sectors, that in fact the Institute of Chartered Accountants' special committee on public sector accounting has not had their recommendations ratified by various government levels or their own institute, so in fact there isn't an established set of accounting principles other than those that exist for the private sector. There are certainly recommendations, and even the Auditor General stated Alberta has accepted almost 95 percent of the recommendations put forward by this body.

So I think one thing in accounting that is important is to provide consistency, and that's something we have done with this fund. We've consistently listed those deemed assets; there are no surprises with them. People recognize that they are not in a liquid form and they should remain on the balance sheet.

MR. CHAIRMAN: Westlock-Sturgeon.

MR. TAYLOR: Thank you, Mr. Chairman.

Just a short note on . . . I think the Member for Calgary-Foothills hit it when she said the Auditor General has recommended and we've accepted 95 percent of the recommendations. But when any government can take unto itself which 5 percent they don't want to accept from the Auditor General, then the Auditor General's post is if not ruined certainly decreased in many ways. It's the old business of sitting or drinking or smoking. If you're 95 percent, you're going to follow 95 percent but not the other 5 percent. What's the use of having the Auditor General? I think the Auditor General has recommended it. The hon. member says that there are some governments in the world that haven't accepted that as public-sector accounting. I'm sure that Phnom Penh in Cambodia and a few places like that haven't accepted that system, and she might have an argument there. But the point is that it's accepted on the national scene, it's recommended by the Auditor General, and it just doesn't make sense for a government that's old and tired to try to claim for itself and keep deemed assets on there year after year after year when they're not assets.

MRS. BLACK: Just for correction purposes, Mr. Chairman, I didn't . . . [interjection]

MR. CHAIRMAN: Just a moment. I believe there must be a point of order raised by Westlock-Sturgeon. The understanding of the Chair is that in committee a member may speak as often as they please. If the Chair is incorrect on that ruling . . .

MR. TAYLOR: No, I accept it.

MR. CHAIRMAN: Thank you.

The Member for Calgary-Foothills.

MRS. BLACK: Mr. Chairman, I only wanted to clarify obviously a misunderstanding the Member for Westlock-Sturgeon had as to my comments. I made the comment that during the discussions with the Auditor General, we talked about the committee that had been struck by the Institute of Chartered Accountants to review public-sector accounting principles. He had been a member of that committee, I believe, for three years. The recommendations that committee from the institute put forward have not been ratified in this country in any province or by the federal government. He did say, however, that Alberta has already accepted, I believe he said, 95 percent of their recommendations and has put them in place. But the point I was making is that there has not been a ratification of generally accepted accounting principles in the public sector unlike those that have been accepted through the CICA handbook in the private sector. So when you're tossing around thoughts, you have to be careful to say that this is not a violation of public-sector accounting principles because, in fact, there are none that have been ratified yet.

MR. TAYLOR: Mr. Chairman, might I be permitted a second kick at the ball then?

MR. CHAIRMAN: Hon. Member for Westlock-Sturgeon, are you back in on the debate point or are you closing debate?

MR. TAYLOR: No, I'm back in on debate.

The hon. member was right when she quoted the Auditor General saying 95 percent has been accepted, but it's a different 95 percent for each government. She's giving the impression that all governments in Canada have not accepted putting deemed assets on the notes. That's not true. It may be that 5 percent is not accepted in Alberta, 5 percent in Saskatchewan and 5 percent in Quebec, but it's not the same 5 percent that's accepted in each case. In this case Alberta has chosen not to accept from the recommendations of the committee the deemed assets recommendation.

MR. CHAIRMAN: Thank you.

Any others wishing to speak to recommendation 31? If not, does the Member for Westlock-Sturgeon have any further comments?

MR. TAYLOR: Nothing more.

10:22

MR. CHAIRMAN: Then we'll move to recommendation 32. Is the Member for Westlock-Sturgeon going to introduce debate?

32. On behalf of Mr. Mitchell, Mr. Taylor recommended that the mandate of the Auditor General be expanded to include the evaluation of the effectiveness and efficiency of Alberta Heritage Savings Trust Fund investments and expenditures.

MR. TAYLOR: The reason for this motion is that - I don't know if any of you have just read recently . . .

Mr. Chairman, I defer to you. They come in and go out very fast.

MR. CHAIRMAN: Oh, yes. Thank you for drawing that to my attention. I didn't see them come in. We would like to pause and recognize a school group that has come into the gallery. We

welcome them to the Legislature and would just advise them that they're watching the proceedings of the Alberta Heritage Savings Trust Fund select committee. Today we're debating recommendations that have been put forward by committee members. We would ask that you stand, and the committee would like to give you a warm welcome to the Assembly today.

Westlock-Sturgeon.

MR. TAYLOR: Thank you, Mr. Chairman. Those of you that have been reading about the new national Auditor General appointed to replace Mr. Dye probably have noticed in the media the history of the development of the Auditor General's office on the national scene to where it is of tremendous effect today, or at least it's followed by the public much more than it ever used to be in the past. The milestone they mention is that the Auditor General that immediately preceded Mr. Dye - I can't remember his name right now - was successful in getting the expansion of the Auditor General's job to include the evaluation and effectiveness of money being spent. Mr. Dye, of course, inherited the post and was able to make much of it. It seems that the point taken in the article, and that's what we're getting at here, is that auditing has expanded from the old era - I think the member for Calgary would back me up here some too - where auditors just reported on numbers. They actually report on management style, and they have their opinion on the effectiveness of funds. I think this would bring us into line with what's expected from auditors general today more than has been in the past.

Thank you.

MR. CHAIRMAN: The Member for Lacombe.

MR. MOORE: Thank you, Mr. Chairman. I'd like to just underline the mandate of this committee, and I'll read it right from motion 32. The mandate of this committee is "the evaluation of the effectiveness and efficiency of Alberta Heritage Savings Trust Fund investments and expenditures." That exactly is the mandate of this committee, and I am surprised we would have a member on it who has not got enough confidence in himself to carry out the mandate. I would be surprised if there were such members on this committee who have not got confidence in their own ability to carry out the mandate that was given to them by the Legislature of this province. That's a very responsible mandate and we all take it seriously, but evidently there are those who would like to pass it on to someone else. I find it very, very hard to accept that anyone would do that. I think we all should take our positions seriously, and when given that responsibility by the Legislature of Alberta, we should be big enough to take it on. We may want to be at other places and do other things, but that is our first priority when the Legislature directs we take on a responsibility such as this.

Then to come in with a motion such as this that asks us to pass it on to the Auditor General - I feel that in itself certainly belittles all the members on this committee. I just cannot accept such a thing coming forward. It's unheard of to have an MLA who has been charged by an elector to come here and represent him in this House and be given a job to do to then try to back out and give it to the Auditor General. I hope that around this committee we will not accept this insult to our integrity and to our ability and to our absolute responsibility to accept what we're given by the Legislature.

MR. CHAIRMAN: Thank you, Member for Lacombe.

Prior to recognizing the Member for Calgary-Fish Creek, if we'd just pause for a moment, we have a school class entering the

gallery, and I'd like to recognize their presence here today and welcome them to the Legislature. I hope they will have an informative and enjoyable day. I would advise them that they're witnessing the hearings of the Alberta Heritage Savings Trust Fund select committee, and today we're debating recommendations put forward by committee members. We welcome you to the Legislature and ask that you stand, and we'll give you a warm welcome to the Assembly today. Thank you.

The Member for Calgary-Fish Creek.

MR. PAYNE: Thank you, Mr. Chairman. First of all, I'd like to express regret that I haven't had the benefit of the sponsoring member's comments today. It may be that those comments might have dissuaded me from my present view of the recommendation.

I would, at the outset, however, like to establish that I personally have a great interest in evaluating the effectiveness and efficiency of the investments and expenditures from the Alberta Heritage Savings Trust Fund. Surely that's not under debate. I guess what is under debate is who is best positioned to make such evaluations. The Member for Lacombe has just made his case that he thinks the members of this committee are, by mandate and by assignment, well positioned to make such assessments. I'm not entirely sure that's the case, and I'd like to come back to that reservation.

My reservation about recommendation 32 has nothing to do with attempts to evaluate the effectiveness of the fund's investments and expenditures. Rather, my reservation has everything to do with the suggestion that it is the Auditor General who should make such evaluations. My clear impression of the Auditor General and his staff and their workload right now is that that load is very heavy indeed. I, personally, would be reluctant to participate in approving a recommendation whereby a heavy and additional assignment would be given to the Auditor General and his staff, the obvious risk being that these additional responsibilities and allocation of time and resources might well dilute or take auditors away from the work they're presently doing, which is so obviously crucial to the operations of the government.

As to the question of who is in a good position to make such evaluations, I'm very sensitive to the logical proposition of the Member for Lacombe. I think by and large the members of this committee, by virtue of their work and study and research, are in a good position to evaluate the fund's effectiveness, but I'd like to ask the members of the committee to take a look at schedule 4 or schedule 1. Schedule 4 is the commercial investment division. I question whether some of the MLAs of this committee and I certainly question whether I as a member of this committee or the Auditor General have relevant and current experience and expertise and knowledge to evaluate the effectiveness of commercial investments per se. To a lesser extent I likewise feel that I have reservations with respect to evaluating the cash and marketable securities and their performance. Just because the good folks of Calgary-Fish Creek voted me their MLA, does that thereby automatically qualify me to evaluate the effectiveness of the investments within that schedule? I'm not so sure that's the case. I think I could get up to speed on such an assignment, but it would take considerable research, considerable reading, and I'm not so sure I have made such an effort to this point in time.

I would, Mr. Chairman, like to refer the members of the committee to recommendation 5, the recommendation I have sponsored with respect to a comprehensive review of the operations and structure and principles of the fund. I'm hopeful that with the passage of recommendation 5 by this committee and subsequent adoption by the government, the task force would include in its deliberations the development of recommendations

for how best to accomplish the goal of evaluating heritage fund investments' performance.

With those reservations, Mr. Chairman, I feel that I'm just not in a position to lend my support to recommendation 32.

10:32

MR. CHAIRMAN: Thank you.

The Member for Calgary-Foothills.

MRS. BLACK: Mr. Chairman, I have nothing further to add.

MR. CHAIRMAN: Thank you.

The Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. Well, I'm not sure what the hon. Member for Lacombe had for breakfast this morning, but he's certainly putting forward a strong point of view today on some of these recommendations in front of us. It prompts me to perhaps observe - I don't know whether the hon. Member for Lacombe has ever been responsible for a value-for-money audit of some government operation or not, but I can assure the hon. member that I have been. [interjection]

MR. CHAIRMAN: Order.

MR. HAWKESWORTH: In fact, as chairman of the city of Calgary Audit Committee I was responsible for conducting a number of value-for-money audits of various city of Calgary operations. I would tell the hon. member and all members of the committee that in order to do a responsible job, it takes a considerable amount of time and effort from people with particular expertise, particular knowledge in the area that's being looked at.

Yes, I think all of us in this Assembly, all of us who are elected representatives, have some responsibility to ensure that the management of public resources and public assets is done in as effective and efficient a manner as possible. That is our responsibility, but we can't be experts at absolutely everything that goes on inside government operations, certainly not within every aspect of the Heritage Savings Trust Fund. So one would have to engage those kinds of experts in order to assist us to do our work.

I think what the hon. Member for Edmonton-Meadowlark is suggesting here is that the experts that we've hired to audit the financial assets of the province be given this mandate in order to help us to do our job. I think that's quite clearly what's in front of us. Now, that, there's no doubt in my mind, would entail extra costs. It's a larger mandate, an enhanced mandate that requires hiring extra people, and it means definitely, no doubt in my mind, extra costs to do that. But if my experience in doing value-for-money audits is any indication, that expenditure is a good investment because in all likelihood it will end up providing either more revenue for the heritage trust fund or save money. I'm sure they exist, but I'm not aware of any value-for-money audits that have ended up costing more money than they ended up saving the taxpayer. There may be examples now where that has occurred, but I can speak from personal experience that the investments made in value-for-money auditing when I was on city council in Calgary were paid for by the savings and greater efficiencies realized by the city as a result of the work that was done.

I think this is a good motion, and just the fact that it comes from a member of an opposition party shouldn't take away from the fact that it's a good idea and is likely to enhance the effectiveness of the heritage trust fund on behalf of all Alberta taxpayers.

Thank you.

MR. CHAIRMAN: The Member for Calgary-Foothills.

MRS. BLACK: Thank you, Mr. Chairman. I think I'm going to get back into this one. I felt that my colleague from Calgary-Fish Creek addressed the issue very, very well, and for that reason I didn't jump in right at that point. I think his recommendation 5 is very timely and very important for this committee to consider, but I do think this recommendation – as he so eloquently put it, "the evaluation of the effectiveness and efficiency of the . . . Heritage Savings Trust Fund" I don't think anyone could question. I think that's an ongoing process, to evaluate the effectiveness and the efficiency, and that's clearly laid out in the mandate of the fund.

I would refer members to page 9. It talks about the various investment divisions and the criteria and limitations and permitted percentages of investments in the various types of divisions. Those have been laid out quite clearly within the fund. I would think that in an audit process – and I've been through a couple of audits in my lifetime – your position as an audit is really to make sure the objectives of the fund have in fact been met. In this case, instead of a corporate registry or a corporate minute book it would be the legislation which would govern the fund and the performance and makeup of the fund. Clearly, that would be something you would review to see if in fact those objectives have been met.

I think more important is that if recommendation 5 was accepted, then clearly people with expertise in some of the investment areas would be able to provide guidance and recommendations to this committee as to the future of the fund. So I think it's in the wrong place. I think the evaluation of the effectiveness and efficiency is an ongoing process, but I don't believe it should sit with the Auditor General. I think he's the one that should review, if the mandate is laid out in that direction, whether in fact we have reached effectiveness and efficiency within the goals and objectives laid out by the fund. I don't think he should be evaluating it. I think it's a review he would do as a normal audit process.

MR. CHAIRMAN: Thank you.

Does the Member for Westlock-Sturgeon wish to close debate?

MR. TAYLOR: Yes. I may have some closing arguments for the hon. Member for Edmonton-Meadowlark. I'll try to address them as they came up. One that the hon. Member for Lacombe and, I think, some of the others touched on: that we should have the confidence and ability to do it ourselves and that we're foisting the duty onto the Auditor General. Well, there's a very thin line between confidence and arrogance, and I submit that possibly the member has stumbled over it, if he does realize there is a difference. The fact that the Auditor General is reporting on a number of areas and we should not say anything would mean that the Public Accounts Committee, for instance, would have to be dissolved. All our budget debates in the Legislature would have to be dissolved, because after all, if the Auditor General's duties are going to take their place . . . That was not the intention at all. The Auditor General is just one more source of information and one more source of advice that we the MLAs, who I don't think have the expertise – I certainly don't have, and I haven't witnessed any other MLA in the House that has the broad expertise to comment on everything. The Auditor General is just one more source of information, and right now that person is operating with, you might say, one arm tied behind their back. Modern auditing procedures require now the evaluation of effectiveness and efficiency, as so well pointed out by the member from the NDP.

The second argument was kind of a cute one, by the Member for Calgary-Fish Creek. He would have to take the prize for a circumlocutious argument: we can't really give it to the Auditor General because he's too busy. Well, the whole fact of the matter is that if we expanded this, it goes without saying that we'd expand his staff. Any examination of the expansion of the national Auditor General shows that the staff went up by over a hundred percent when Mr. Dye's turn came around, in order to do this type of evaluation. There's no doubt that the Auditor General's department would have to be expanded, but as another member of the opposition said, the idea is that it's for full value, full spent. As one of the few people that's been involved in this type of auditing, he is quite correct, I take it, in stating that it would be a very good investment indeed if we expanded the Auditor General's duties to expand the staff.

10:42

Like the wee elf that crept under the toadstool to keep out of the rain, the government members are taking refuge with number 5. It's an omnibus type of motion. It's a good one. We have no doubt that the thing needs to be examined, but that doesn't mean that we shut down things and not go ahead with some very progressive measures that could go ahead. In effect, if we followed number 5, all of the Member for Clover Bar's and Lacombe's and all these other things would have to be swept under the rug until number 5 had been done, and I don't think that was the intention. I'd like to see number 5 as a catchall, but it shouldn't be used as an excuse to hide behind.

MR. CHAIRMAN: Thank you, hon. member.

Prior to moving on to the next recommendation, we have another school class that's just entered the gallery. We'd like to recognize them and welcome them to the Assembly today and advise them that they are watching the proceedings of the Alberta Heritage Savings Trust Fund select committee. We would ask that you stand, and we'll give you a warm welcome from the committee.

Recommendation 33.

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

MR. CHAIRMAN: Does the Member for Westlock-Sturgeon wish to . . .

MR. TAYLOR: Mr. Chairman, that one is near and dear to me. I think the romance of irrigating and the old biblical reference of let the desert bloom seems to sometimes blind our research. On cross-examining the department responsible for agricultural research this year, I notice the same thing. We spend a great deal of money on irrigating and how to increase yields in the highest yielding areas, and I don't think – it would appear from their answers anyhow – that the equivalent fund is spent on increasing yields in the very dry area. If you take the long-term weather forecasts of the northern part of this hemisphere as well as the use of land, it would seem to me that a more efficient and broader use and a broader choice of crops that we could use and raise on dry land would be much more useful to the farmer than just plain increasing yields in the irrigated area, because there's something like 89 times as much nonirrigated land as there is irrigated land. So if we can broaden the base of what we can raise on that land,

we'd be doing much more than putting funds into the irrigation research.

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

MR. MOORE: Thanks, Mr. Chairman. I've lived all my life in dryland Alberta not under the irrigation area and have a full understanding of what goes on in that area. I feel that we have a lot of research going on out there; in fact, probably more than in the irrigation area. Look at our research stations across this province and the work they're doing: a tremendous amount of research all in that area. We have individual farmers doing research, and we have in the private sector a lot of companies: the fertilizers, the herbicide people. Those types of companies have test lots all through dryland Alberta proving their products. They increase production and control the weeds and things like that. Right in this heritage trust fund we have Farming for the Future, which is basically all those projects targeted in dryland Alberta outside of irrigation areas. So we have a tremendous amount of financial resources and expertise already in place working on behalf of that sector of Alberta that's outside the irrigation area. I don't see that we as a heritage trust fund should be playing one against the other. I'm sure they're doing a very good job out there, all of them. We should be interested as a group looking at this fund as it serves all farmers. It serves them all well; I think it does. When you look at our Farming for the Future, it's directed right from this fund. So I think that particular sector is adequately looked after.

MR. CHAIRMAN: Thank you.

Others wishing to speak to recommendation 33? If not, does the Member for Westlock-Sturgeon wish to close debate?

MR. TAYLOR: No. I think I've covered the points.

MR. CHAIRMAN: Thank you.

Recommendation 34, the Member for Westlock-Sturgeon.

34. Mr. Taylor recommended that the Agricultural Development Corporation be liquidated and the government instead supplement private capital loans by way of sliding scale guarantees and interest subsidization, disposing of all commercial assets at competitive pricing as was done by Alberta Mortgage and Housing Corporation.

MR. TAYLOR: This recommendation is really one that was made by the Tory caucus some years ago. I may stand corrected on this, Mr. Chairman. Was the hon. Member for Lloydminster the chairman of that committee? Oh, he's not here.

MR. CHAIRMAN: No. The hon. Member for Lloydminster was a member of the committee that did an evaluation of the ADC in 1986 or '87.

MR. TAYLOR: That committee, after doing a great deal of research, came down with the recommendation that the ADC was in effect a vestigial appendage, which is a polite way of saying a rotted appendix, and it was not necessary in the field of agricultural finance. In fact, what it has done is moved in and pushed out a number of the natural free enterprise competitive lenders — trust companies, loan companies, banks — to have the government be the only real lender in that field either federally or provincially, to the extent that at a conference in Calgary two weeks ago it was

announced that now over 81 percent of farm debt in Alberta is owed to a government organization. That means ADC, Treasury Branch, or FCC, the federal group. Well, that means that the farmers have been painted into the corner where some bureaucrat, in effect, decides whether you farm or not. There are no competitive sources of supply of money out there because we have taken over the whole sector. Seventy-six percent of foreclosures in Alberta last year were by government financed organizations. So here we have agriculture in very desperate straits; maybe 20, 25 percent of farmers have a 3 in 1 chance that they're going to get foreclosed on by an agency from the very government they elected.

All I'm saying, Mr. Chairman, in conclusion, then, is that this was a recommendation that the Conservative caucus came forward with and that was ignored by their bureaucracy and their cabinet a couple of years ago. It was a good one. I just wanted to let the Member for Lacombe know that occasionally something does happen if you keep them in the dark and feed them enough of the other stuff, that they do occasionally grow a magnificent mushroom. That was one of them, and I'd like to see us go ahead.

MR. CHAIRMAN: Anyone wishing to speak to recommendation 34? I wonder if the Member for Ponoka-Rimbey would take the Chair for a moment. The Member for Cardston would like to speak to that.

[Mr. Jonson in the Chair]

MR. DEPUTY CHAIRMAN: The Member for Cardston.

MR. ADY: Thank you. I just feel there should be some clarification of the facts and figures the Member for Westlock-Sturgeon used in saying that 80 percent of the farm debt is owed to some government organization and also that ADC should be disbanded. Bearing in mind that ADC is the only lending institution in this province that would be prepared to give beginning farmers a 6 percent advantage for the first five years to let them get an opportunity to get started, I think it's been a vast advantage to young farmers getting started and one that would leave a real void if it were taken away in the farming sector today.

The second point I'd like to have clarified from the hon. member perhaps when he closes debate: when he spoke of 80 percent of the farm debt being to government institutions, was he including the farm credit stability program when in fact that's not dictated by government agencies but rather by the lending institution? As he well knows, the criteria there for a farmer getting a loan through the farm credit stability program are the criteria set up by the lending institution, and the government acts only as a guarantor on the loan. I rather suspect that with 2 and a half billion dollars involved in that program of loan guarantees to the farming sector, that must be included in that 80 percent. It really doesn't give a true picture that the government controls that, because in the event of a default there, it's the lending institution who would move on the farmer under their criteria for, first of all, granting the loan and, secondly, for default when the decision would be made to liquidate.

I think those points need to be entered into this debate so that all the facts are out there to be considered by anyone who might have interest in it.

10:52

MR. DEPUTY CHAIRMAN: Further speakers?

If not, the Member for Westlock-Sturgeon to close debate, please.

[Mr. Ady in the Chair]

MR. TAYLOR: Thank you, Mr. Chairman. I think the Member for Cardston made two very, very good points. One I'm not absolutely sure about, but the other one I am fairly sure about. The point that he mentioned of what would we do for beginners' loans if the ADC was taken out is sort of a self-fulfilling argument. The ADC was appointed as the agent of the Crown to give beginners loans, so consequently if beginner loans went out, as I said, through a sliding scale of guarantees and interest subsidization and disposed of through all the other organizations we have, the beginners' loans would be covered. We don't have to worry. The ADC is only in the beginning loan program now because the government baptized it and said, "Ye go forth and give loans." In other words, they don't allow other organizations to do so. So that's one of the reasons why we wouldn't have to worry there.

The second point that the Member for Cardston makes is a very good one. I don't exactly know, because it was in the summation of that conference in Calgary, from which I got the papers, how they handle the guarantees of the loan stabilization program. It's not quite right to say they go into default, that the lending institution does the foreclosing, because that's the whole point of a guarantee. I think the Member for Cardston knows, if he's ever signed a note or been asked to sign a note, that bankers usually don't chase who they lend the money to. They chase the guarantor very quickly, because all they have to do is serve him with a notice. So I suspect that that money has been included as a government responsibility to the extent that the guarantees apply. As you know, they're on sort of a sliding scale. I think in the first year the bank has to pick up all the fallout, but within four or five years it's the government that has to pick up all the fallout.

So I think that to say that the banking institutions are responsible is not quite right. The banking institutions, if their loan is in default, will naturally go to the guarantor, which is the Alberta government. Admittedly, if a loan fails in the very first year or second year, the bank is mostly at fault. That's the whole principle of a sliding scale guarantee, to make the banks fess up and not loan to poor risks. They are saddled with most of the loss if it occurs in the first year or two, but after five years, then the Alberta government has all the loss. That's the way the system works. I suspect that those government guarantees or those stabilization plans are in that 80 to 81 percent total, but I think this is where it should be, because most of those loans are already three years and are going on towards five years.

MR. CHAIRMAN: The Member for Westlock-Sturgeon to initiate debate on recommendation 35.

35. Mr. Taylor recommended that one-third of the Alberta Heritage Scholarship Fund be set aside as achievement awards payable to those students whose parents and/or responsible guardians have family incomes at or below the poverty level, such awards to consist of free tuition at any postsecondary institution in the province for two years after high school graduation.

MR. TAYLOR: That is one that is fairly near and dear. This is something that should be near and dear to the Tory caucus, because it has really caught fire in Louisiana, Alabama, down in the deep south in Mr. Duke's country, sort of the home base for some of our ideas. It's called the Taylor scholarship system and was initiated by an oilman down there by the name of Taylor; no relative. It started about six or eight years ago. The government has moved in and has taken over most of the financing.

If we have a big loss today of talent in our society, it's the children from our marginal-income homes that are not making it through to our postsecondary institutions. They see no purpose to it. They see no reason to go if there's no hope that they're going to get the money unless they're in the very high academic group. This is one of the purposes of this motion: that we actually reward those children from homes where the parents or responsible guardians are at or below the poverty level by saying, "If you do make it through your high school and want to go on - it could be to tech school; it could be beauty school; it could be university - we will pay your tuition for the first few years in that." That's such a huge, untapped resource, and I think that's the type of . . . It is a scholarship.

Some people say that a scholarship has to be only academic, but a scholarship or a fellowship should be based on achievement. Now, it is quite an achievement, I'll agree, if somebody who has the genes and the natural-born IQ gets very good marks, so reward him. But these are people, maybe just ordinary Joes, that need that little extra push, that little achievement. Actually, the achievement they get from moving from the ghetto into things would be probably a greater achievement than someone from a middle-class home that is lucky enough to have a high IQ getting high marks.

I think that's something that's innovative. It's a good free enterprise system. It's been spreading like wildfire through the southern states, and it's an idea that we could use here in the heritage trust fund scholarships.

MR. CHAIRMAN: The Member for Lacombe.

MR. MOORE: Yes, thanks, Mr. Chairman. Well, I can understand very clearly what the member that moved this is saying. I think every citizen of Alberta is concerned about the welfare of the poor, the ones below the poverty line. We're all concerned about that, and we've shown that concern in our Heritage Scholarship Fund in the way it's put out there, because it's based on achievement. I don't think that any of those scholarships say: what is the financial position of your parents? If students apply themselves, with their own individual abilities - and that's the way it should be - and achieve something and get a scholarship, it's on achievement, not on the basis of the financial worth of the parents.

I'm sure that the mover of this never thought this out, because let's just think about a student that came through under the criteria that he outlines here. First of all, what you do in the schools is segregate them: "You're the poor ones. You're from the east side of the track. You are poor, and you are rich." Now, you can imagine the stigma on those youngsters in high school. Then when they come to university or tech school, do you know what those students are going to say? "Hey, you're the welfare case." The stigma is there. "You're the welfare case." It would be a terrible load for that youngster who, through achievement, might have been at the top of their class. But they have that stigma on them as they go into school, and it would be a terrible load for those youngsters to carry in there.

11:02

I don't think this has been well thought out. It seems odd that the mover would refer to the deep south, down in Louisiana. That's where we did away with "You guys, get to the back of the bus; we're at the front of the bus." He already says, "Let's introduce it into Alberta." I am surprised that he would use that as an example to start off his debate with. I really am. We are not going to segregate our kids as to poor and rich and have that

stigma go right through to the time they leave and go into the work force. I think this is a terrible load to put on our students.

On the other hand, having said that, Mr. Chairman, I think we should look at our student loans. It recognizes anybody that hasn't the money to go. Whether the parents have it or not, they have the ability to get an education. They don't have to put up their own money; they don't have to put any equity up front. They get it; they get their education. They do not have to pay it back till six months after they get out of that educational system when they graduate. So they have six months to establish themselves in a paying job and then pay it back at very easy terms. That money was provided because they didn't have the wealth in their family to do it. We recognize that, and we don't put a stigma on the students. It's available there.

The other thing is that it puts a little onus on the youngster when the student goes to the university or wherever to complete that education program, because they get a remission on part of it if they complete their course successfully. So we do give the incentive to go out and strive to do better, and it isn't dependent on the wealth of your parents. We don't underline that you come from a poor side of the family, that you've got a coat of many colours sort of deal and the other one's got a new coat. I think that's terrible, that we would talk here about instituting such a program. I think we've come a long ways from where the rich are the great ones and the poor are the poor ones. We've come a long way to where we're all equal, and the students have that and they know it. Through the student loan program that we've put in, now every youngster, no matter where they come from, what colour, creed, or the richness or the poorness of parents – it doesn't count. That individual student, through their own ability, Mr. Chairman, can get wherever they want to get and want to put that effort in.

I just cannot support this motion.

MR. JONSON: Mr. Chairman, first of all, the Minister of Advanced Education, the Hon. John Gogo, has currently commissioned Dr. Jim Hrabi to conduct a review of the Heritage Scholarship Fund, and I would suggest that this a proposal that should be submitted to that particular review. I think the recommendation assumes a number of things, and perhaps the mover of the recommendation will provide that information to us later, but I don't know on what basis one would pick "one-third of the Alberta Heritage Scholarship Fund." Are there any estimates of how many people would be affected? Certainly Dr. Hrabi or other researchers would be able to come up with those figures or what the potential financial need for such a program would be and so forth. I think, given the nature of this particular recommendation, it might very well be better submitted to that review process so that it could be considered with some of the proper research information available at the same time.

The other thing, Mr. Chairman: the Member for Lacombe mentioned the student finance program. Certainly that very massive program has the same objective as this particular recommendation. If one looks at the relative amount of money put into helping with postsecondary education for students, certainly the priority in terms of an overall government commitment to funds has been on the student finance program. I think we should always keep in mind that in addition to the interest free loans, there is a very significant remission program, whereby based on their performance at the postsecondary level and their other needs, students do not have to pay back a portion of the loans they take out. We're talking, with the Alberta Heritage Scholarship Fund, about probably \$10 million to \$20 million a year that is expended. The remission section of the student loan program far exceeds that,

let alone the tens and tens of millions that are in the loans themselves. So I think the priority of the government has been in the area of helping students in need. Certainly it should be weighed if the statistics are available. There may be some merit in such a proposal, but I don't think this particular recommendation should be supported in its present form. Certainly the government of the province of Alberta has been giving a very, very high priority to having a program to help students with their postsecondary education.

MR. CHAIRMAN: Thank you.

The Member for Three Hills.

MRS. OSTERMAN: Thank you, Mr. Chairman. I think that I would like to associate myself with the comments just made by the hon. Member for Ponoka-Rimbey and just make a couple of other observations as well. We are always, I think, feeling some tug at our heartstrings in terms of finding solutions to the problem of dropouts from high school or those who have finished high school and somehow lack enthusiasm for advancing on to some form of postsecondary education.

Trying to back away from this picture to try to get the whole picture in front of us, I see this discussion about the poverty line so often. The poverty line is interesting in that it's a moving target because it changes each year depending on what the averages are across the country. So it then, I guess, tells us that automatically there is a high percentage of people who are going to live below the poverty line simply because it is a moving average. There have to be people below it because it is an average. I would say to the hon. Member for Westlock-Sturgeon that if we were to find a way to use heritage fund money to entice our young people to set goals for postsecondary education, I think this is the area that we have a lot of failing in. I look at my own rural community and would say in all honesty to the hon. member that most of us up and down our Carstairs east road found out to our dismay that in the early years, when our oldest children started off to university, we were living below the poverty level. We were living below the poverty line, and for us it was partially a state of mind in that we considered ourselves reasonably well off and were very nonplussed to be without funds that we would like to have had to purchase various things. But to some degree it was an attitude, and I'd say to the hon. member that we really do run a danger, in my view, of looking down our nose at people who happen to be without funds.

Most of us in our society, especially a pioneer society like we have in Alberta, have been without funds at a certain point in our lives. It is this continual discussion about the poverty line and how badly we somehow should feel because we're below it that almost discriminates against people and leaves youngsters with a mind-set that in fact they surely must be terribly badly off and not as worthy as other youngsters because their parents don't happen to have as much money. I'd caution us all in terms of how we discuss this kind of situation and would look for the hon. Member for Westlock-Sturgeon's comments, maybe in closing debate, as to how he sees this availability of funds as changing the attitudes of so many youngsters who have not seen the merits of postsecondary further education, especially in light of the comments made by the hon. Member for Ponoka-Rimbey.

11:12

MR. CHAIRMAN: Thank you.

The Member for Westlock-Sturgeon.

MR. TAYLOR: Thank you, Mr. Chairman. There are some interesting points that have been made. One, I think the Member for Lacombe mentioned about marking children out as from poverty. Well, in high school it wouldn't occur; it would only occur after you graduate from high school, firstly. Secondly, surely the hon. member knows, as has already been pointed out by the Member for Ponoka-Rimbey, that there are means tests and accounting tests run on the students and their parents' ability to pay or not. In other words, students in university are pretty used to having their bank accounts and their parents' peeked at, so I don't think there would be any marking out of families that came from the floating poverty line. I don't think that's a relevant excuse for not going ahead.

The Member for Ponoka-Rimbey also mentioned the Gogo committee. I think the member was present when, with a view to making this motion, I cross-examined the Minister of Advanced Education quite thoroughly. That's one of the reasons I made the motion, because the minister quite clearly came back – if you'll check the minutes – and said that the review would not look into any scholarships outside academic achievement. He said that very clearly; he said it twice. That's what bothered me. Then I said: "Will there be open hearings? Could I get ahold of Dr. Hrabi?" They said no; that's not what the public wants. So the Minister of Advanced Education was very explicit, if you could check the minutes, and it was going to be very hard to pry his ears apart to drop a new idea in there. As a matter of fact, they wouldn't even talk, firstly. Secondly, they've already decided this had to be academic. So that's one of the reasons I made the motion. I don't think the Gogo committee, unless our committee pressures it, will open up and look at this area.

The Member for Ponoka-Rimbey also mentioned: why one-third? Well, I must admit that was just pulled out of the air. I thought of a third as a nice number. Decimals or the metric system can't be used on it, so I thought it would have appeal to the back bench. So I picked a third rather than something that's commonly used with the metric system. That was just out of the air.

The Member for Three Hills brings out a very good point. She asked me how I know or why I think that this scholarship being available would increase the attendance. Well, I think, first of all, and this answers the Member for Ponoka-Rimbey a bit, that this is almost a statutory scholarship which that child knows he can get in high school. They know, in poor families, that if they can get through school any way, by hook or by crook, they will qualify. As it is now, it's not a statutory thing. You may come and you may work like the dickens to get to university, but you don't have much idea what you're going to get loanwise or fellowshipwise. You do know, of course, that if you get an 80 percent average, you're going to get money. But if you come out of a poor family with your 65 percent average, are you going to get into welding school or whatever it is you want? You don't know. This gives them a bit of assurance all the way from grade 8 or 9 up. This is what seems to have kicked it off in the states where it's used. It's that those kids can actually sit there and look for it. They know they're going to get it when the time comes.

What percentage of these people will suddenly go to postsecondary institutions, as the Member for Three Hills asked, over what would have stayed home without that there, it's hard to say. But in the U.S., in Louisiana and Alabama where they have acquired a certain amount of statistics, it appears in their opinion to have increased the percentage by nearly three times. Now, whether that is a natural movement in modern-day society or whether it's due to the scholarship, I don't know. There's a tendency for the scholarship grantors to say, "Well, the whole increase was all due

to our scholarships." But it was quite a big jump, if you can use the comparison back to some of the states that don't use the system. They talk of money and that it's three times, but it's still not a big amount of money. I'll be the very first to admit that you're not going to have a wave of children from poor-income parents suddenly hitting our universities and jamming them, but I think it will go a long way towards trying to get them in there.

MR. CHAIRMAN: Thank you.

We'll move to recommendation 36.

36. On behalf of Mr. Mitchell, Mr. Taylor recommended that the Alberta Heritage Foundation for Medical Research consider a program of research into sudden infant death syndrome.

MR. TAYLOR: I think that's self-explanatory. I don't have anything to say on it.

MR. CHAIRMAN: Okay. Are there others wishing to speak to recommendation 36?

The Member for Calgary-Foothills.

MRS. BLACK: Thank you, Mr. Chairman. The Member for Westlock-Sturgeon is quite correct; it is self-explanatory. I'm pleased to see the member has this year put the recommendation in that they consider a program for SIDS. It's an area that there hasn't been very much emphasis on and an area where there nationally has been very little research as to the causes of SIDS. I think it's time because of – and I don't have the statistics with me – the high percentage of infants that all of a sudden are taken away with really very little explanation or follow-up. It's something I think we have to look at. It seems that the increases are climbing on an annual basis, and it's something that all of us that have had children have prayed would not happen to us, but we all know of family members or have experienced it ourselves. This is not a situation that happens with any one ethnic background or geographical area. There are no demographics associated with it. It's something that is basically unexplained, and it happens. It's extremely difficult for the parents and the families to deal with.

It's not a new syndrome that has developed. It's been there for an awfully long time, and I don't believe our medical research has been focused in that direction, and I think it's high time that it was. I would certainly be supportive of our own research facility considering this one of their future projects and hope that they would join with some of the other research facilities across the country to try and resolve so many of the questions that have been left unanswered about sudden infant death syndrome. I saw a report on it on television not that long ago, and the book they had which listed the information had the title page only. That seemed to be all the information they know about it. So I think it's high time that the foundations, whether it be ours – I hope it would be ours – would consider looking at a program of future research into this area.

MRS. OSTERMAN: Just a short observation, Mr. Chairman, and that is that again it's one of those areas, especially when you talk about medical research, that tugs at all of us, especially when we're talking about children or infants. But I would caution us in seeming to direct the overall blue-ribbon committee that directs the medical research foundation, because I think there is a certain amount of synergy that is created by the various types of research undertaken. That synergy, of course, is so necessary in gaining results. It doesn't mean that they shouldn't look at this particular

area of research, but it certainly needs to be well suited to what is presently ongoing in order for it to be really meaningful and to have the critical mass of people and experts that will make this successful research. I would say that naturally I would assume that in looking at a recommendation like this, they would look beyond their borders to see what else is going on and be looking at it from a clinical perspective, not just a heart perspective in terms of how we feel about it, making it the very best research possible, as opposed to just doing it because we think it is necessary and it may not achieve the kinds of results it could in other places if it were done.

MR. CHAIRMAN: Thank you.

Anything further, Member for Westlock-Sturgeon?

MR. TAYLOR: I just wanted to say that the Member for Calgary-Foothills put it much more eloquently than I could, but I think it's something that strikes at every family, rich or poor, black or white, or north or south, and it's a tremendous concern. I think it's something that should be very high on our list of priorities.

11:22

MR. CHAIRMAN: Thank you.

Recommendation 37, the Member for Westlock-Sturgeon.

37. On behalf of Mr. Mitchell, Mr. Taylor recommended that all recommendations proposed by standing committee members whether passed or not be published in the annual report of the Standing Committee on the Alberta Heritage Savings Trust Fund Act.

MR. TAYLOR: This recommendation, Mr. Chairman, almost stands on its own. In effect, we're saying that when the annual report of this committee is filed, we should file all our motions there, whether they passed or not, rather than just filing the motions that passed. I think it would show the public the broad ambit in which we operate and the many areas that are considered. Also, in this day and age where the Reform Party's on the march and everybody's talking about reforming the system and free votes and individual enterprise and expression, I think it would be able to show the public sometimes the moves made by individual MLAs and what they've put up.

MR. CHAIRMAN: The Member for Ponoka-Rimbey.

MR. JONSON: Mr. Chairman, this area of our operation as legislators is one that is very open in terms of the very complete record that is provided, which is available to the public, called *Hansard*. Perhaps what might help is that there be a reference in the Heritage Savings Trust Fund report to the fact that *Hansard* exists for anyone who wishes to look up the debate, which, if we're going to have everything published, is as important as the recommendations that might have been submitted. If one wants to follow up and follow this committee's activities in great detail, then that record is available. Secondly, this committee's activities and meetings and hearings are open to the public, albeit we're not perhaps high on the attendance list in terms of the numbers who do attend our deliberations. Nevertheless, it is open.

The other thing, Mr. Chairman, is that I, as I think everybody present in the committee, have sat on a number of committees preparing reports, commissions and so forth. I know of very little precedent for failed motions or recommendations to be included in a final report. That has seldom, if ever, been the case, in my experience at least, and when we're in a time where people are

looking for more concise documents, with the text kept to a minimum and the reports getting to the point of the recommendation or the decision of a committee or a commission or somebody doing a review, this would go completely contrary to what I think is the trend and desire out there on the part of the public. Once an activity is done, once the deliberations have been held, the recommendations made and debated, people want to know the final report is the actual recommendations or decisions of that committee, and that's it.

So I just do not support this particular recommendation, Mr. Chairman.

MR. CHAIRMAN: Thank you.

The Member for Westlock-Sturgeon to close debate.

MR. TAYLOR: Thank you, Mr. Chairman. As usual the Member for Ponoka-Rimbey had a very eloquent dissection of the motion. If it were possible to amend it to include mention in the report of where the public could see more about it, I would probably go for it. But I'm afraid we're trapped, as they say - what is it? - hoisted on our own petard here, that we can't change our recommendation. I think that's a very suitable compromise that the Member for Ponoka-Rimbey put forward, and I will probably put it forward in a motion next year, because it appears from the way the polls are running that we're almost sure to be here again next year. Even the Premier doesn't commit suicide. Therefore, I will try to put the motion forward next year to take in that, because it might be creeping in that direction.

I know that when I came to the Legislature, I didn't realize these committees were reported in *Hansard* - sorry; I've got CFRN or something on my hearing aid here - and I think many others don't know that the committees are reported in *Hansard*. Therefore, his note that they would be . . .

MR. MOORE: He's just snoring up there.

MR. TAYLOR: He's talking to me.

Therefore, a note that if people wanted to follow up the proceedings of the committee, they could get it in *Hansard*, where it is, is good.

The other thing, too, that it's open to the public, is interesting, because I think we just moved in here last year - wasn't it? - for the first time.

MRS. BLACK: No. It was a long time ago.

MR. TAYLOR: I can't remember; we move in and out. But because we have moved our committee meetings in and out of the Chamber, I'm not so sure the public realizes they could go to the gallery and listen.

MR. MOORE: Keep talking, Nick. You'll make yourself look good.

MR. TAYLOR: Yes. This thing might last all year if we had the public in the gallery cheering us on, Mr. Chairman. Nevertheless, it's a point.

I think those suggestions by the Member for Ponoka-Rimbey are very good ones, and if the chairman were to do it on his own, he would not get any complaint from me at all. It would be a wonderful way to write the final report.

But the final argument, where Ponoka-Rimbey might have gone a little astray: he said that most committees don't report the motions that do not pass. I beg to differ with him there. I think

there are occasional minority reports. Occasionally the report, even our report, is written in such a way that we "consider" this and this. We may not have it in the form of a motion. But I notice that last year the chairman – and may I take my hat off to him and pay him a bit of tribute, because occasionally I do take a kick at him. Last year's report was a good one in that it seemed to enlarge and show that the committee was doing more than just what motions were passed.

All in all, I'm looking forward, Mr. Chairman, knowing that the Member for Ponoka-Rimbey and I agree on something, that it will be almost sure to appear in your report. Thank you.

MR. CHAIRMAN: Thank you.

The Member for Westlock-Sturgeon, recommendation 38.

38. Mr. Taylor recommended that moneys be made available from the Alberta Heritage Savings Trust Fund to pay every farmer in Alberta wishing to utilize it \$20 per acre for up to 10 percent of each quarter section that the farmer returns to its natural native state.

MR. TAYLOR: This is one of these motions that takes time to go through; I have brought it up for a couple of years. I think we should be trying to take some of our marginal land out of production. Certainly if we were to give \$20 per acre for up to 16 acres in each quarter section, that would almost be sure to be marginal land; the farmer would not take his best land out of production. This is, I think, something that is a long time in coming. We're trying to restore the countryside, to bring back a great deal of our natural habitat. Whether it's swamp, trees, brush, or sandhills, we're trying to preserve much that Mother Nature originally gave us, and this would help the farmer do that. I think the Member for Three Hills keeps using the word "pioneer." Well, the pioneer concept, of course, is that farmers look after the countryside for the enjoyment of the city people for nothing. I think that's changed. The city people are large populations now. If they want to go roaming over the countryside, either to shoot or take pictures or to look at the countryside, they have to expect to take a certain amount of general revenues to keep the countryside pristine.

In effect, my closing argument is that I met with some agricultural economists from the European Economic Community, from France, a few months back. They estimate that 15 percent of the income that farmers will receive in the next couple of years will be payments from the central government to improve the environment, whether it's planting trees or feeding the deer and elk, even to the extent of money to paint barns and to restore certain types of architecturally unusual rural areas.

In other words, to preserve the environment and to restore a great deal of our land, this is a small payment that I think would be a step in the right direction.

MR. CHAIRMAN: Thank you.

The Member for Wainwright.

MR. FISCHER: Thank you, Mr. Chairman. I don't think I could support this motion. It's very poorly thought out, and I would like to ask the member what the intent is. Is it marginal land, or are you trying to conserve soil, or are you trying to reduce production? I should remind you, first of all, that we have the permanent crop cover program under the Canada/Alberta soil conservation initiative that already pays an initial payment of \$20 an acre for seeding perennial forage. The purpose of this program is to encourage landowners to grow vegetation on erodible or marginal

land. It's to conserve the soil and still provide some livestock feed and provide habitat for the wildlife. I don't know why we would turn around and begin another program that is so similar to that.

11:32

I realize that the perennial forage is not the same as your "natural native state," but I don't know how you get back to your natural native state. This country, of course, was covered with prairie wool for many, many years. It is very difficult to put it back into prairie wool, as there doesn't seem to be any seed available. Now, I suppose that you could move sod from somewhere else, but you would destroy the other area if you did that. I'd just like to ask you how you were going back to the natural native state. Are you going to let it grow back to weeds? Are you going to let it go to quack grass and trees? Just how are you going to do this? If you let it go to weeds or bad grasses and so on, you've created another problem, and it's probably worse than the one you have now.

Another thing I would like to ask is: how long would this \$20 an acre last? How long would you ask the producer to take his land out of production? Forever or for 20 years or 10? Certainly, if you didn't have more than 20 years, it would hardly be in line with the guidelines of our heritage fund program, because you are trying to invest in the long term for future generations, save for the future, and so on. Now, if you put it out there even for 20 years or less than 20 years, that money would be gone pretty quickly. I think you have to realize that you'd be interfering a fair bit with the marketplace, and when there's a high demand for a product and you can grow it on marginal land, you would be tearing that land up pretty quickly. Some people, not only in this country but a lot of people that came from the old countries can come into this area yet and make a living on some very, very marginal land, and I don't know if it would be proper for us to say that nobody can have that land to make a living on.

I still haven't got it in my mind whether you're going to take it totally out of production or whether you're going to sow it to some grasses that you could use for livestock, or just how you were going to do that. But I do know one thing: if you start encouraging and demanding that people take land out of production for a number of years, you're interfering with the marketplace. You've watched governments do that in the past. Our old LIFT program – I don't know if you recall it or not – was a program to take land out of crop production and put it into grass. Well, as soon as that happened, the price of livestock went way down. You took your payments and then a few years later you tore it back up because the price of grain was high. It's just something governments should not interfere with.

You did say that you would take up to 16 acres on every quarter. Well, you have to realize that if you do have some marginal land – some sand, for instance, or alkali – they don't come in 16-acre blocks, and it would be pretty hard to do a 16-acre block on one quarter so that you leave the rest of it or part of the rest of it and then you jump to another quarter. That would be quite an interesting program for you.

The other thing, and it would be my last point: \$20 an acre. I don't know where you got that number from, and I don't know how much farming you've done, but \$20 an acre doesn't do too much, and I'd like you to relate it to your backyard. If you had a home – and maybe you do – with an acre of lot, I wonder how much \$20 would do to restoring your sod, for instance, or building a fence or whatever. Even this cover conservation program that we have here pays another \$30 an acre if you go for 10 years and another up to \$65 an acre if you go for 21 years. I'm sure you wouldn't attract any farmer to get in and take that \$20 an acre and

have him do anything that was valuable in restoring it back to its natural state.

That motion to me is not even a reasonable motion, and I cannot support it. Thank you.

MR. CHAIRMAN: Thank you.

The Member for Westlock-Sturgeon to close debate.

MR. TAYLOR: Thank you, Mr. Chairman. The points made by the Member for Wainwright are valid at first blush, but then he digs a little further. I think some of the answers he had in his own statements. We now have a program of \$20 an acre for ground cover; this would be over and above. This would go farther than that, and in effect it would be land that's almost unusable, admittedly. It would involve swamps, trees, and sandhills, areas that even ground cover doesn't work for. It would be a step beyond the ground cover one, which I think is a good program.

Also it's \$20 per year for life, or at least as long as a Liberal government is elected, maybe. But the point is that \$20 per year amounts to some money. He mentions that you can't do much for \$20, but in 10 years that's \$200 an acre. He mentions also that it isn't 16-acre blocks. I quite realize that. We set up the 10 percent to limit the cost to the public treasury. Otherwise, everybody would want \$20 an acre for quarter sections of sloughs. In other words, we're trying to limit the amount, yet scatter throughout the province the husbanding, you might say, pay a farmer for husbanding some of this ecological reserve that we want looked after. The farmers literally would be paid by the state to be looking after that. I agree \$20 an acre isn't much. That's its own limit, Mr. Chairman, and that naturally nice black level soil that can be irrigated is not going to be restored through \$20 per acre per year. You're going to only expect very marginal land that'll do that. But I think even that is important, and that builds on top of the ground cover. Many areas, particularly in northern Alberta, have been let go back to aspen or let the swamp take it over or let the beavers' dam back on the thing. It would be better off than what they're going to raise.

Also the member might ask whether it's to restore marginal land. Yes. Is it to reduce yields? Yes. In other words, it combines a number of things into one area, and I think in effect gets across to the urban resident that they have to start paying the farmer for preserving the ecology.

11:42

Lastly, the member has mentioned that the government intervenes often and causes disjunctures in the marketplace. I couldn't agree with the member more; he is a hundred percent right. We could both stand up and sing a chorus, but what I'm getting at here is that the incentives to date and the interference to date have been in the wrong way. They've been forcing the farmer to farm marginal land. They've been forcing the farmer to raise crops that they cannot sell. In other words, why suddenly get worried about trying to give incentives to farmers to preserve the natural ecology when all we've done before is given incentives to rape and pillage the land? If nothing else this will semaphore or start a signal to our farm community that they can be rewarded by preserving our ecology rather than plowing on more fertilizer, more energy into the tractors, and pushing more production out of the land.

MR. CHAIRMAN: Thank you.

Recommendation 39, the Member for Westlock-Sturgeon.

I'm sorry; one moment.

MR. FISCHER: Mr. Chairman, I just had another question on that last one.

MR. CHAIRMAN: Just a minute. It can only come on a point of order because the debate is closed. If it's a point of order, the Chair can allow it, but other than that the debate on that recommendation is closed.

MR. FISCHER: I'll make it a point of order then.

MR. CHAIRMAN: Please don't have it to do with something that the hon. member had to do in debate.

MR. FISCHER: It's to do with his motion itself. He did say that he meant to have \$20 an acre per year. His motion doesn't say that.

MR. CHAIRMAN: The hon. member clarified that, that he meant it to be that and it was not. I think your point is taken and the member accepts that. Is that true?

MR. TAYLOR: That's right. It might make a difference, but I agree that that was a mistake in drafting. The sharp eyes of the Member for Wainwright caught that.

MR. CHAIRMAN: Fine. Thank you.
Recommendation 39.

39. Mr. Taylor recommended that the Alberta Heritage Foundation for Medical Research set aside funds to pay tuition and a portion of living allowance to those students in the medical faculty who would be willing to serve in remote, rural, and native settings for five years after graduation.

MR. TAYLOR: Number 39 I think is self-explanatory. Here I am trying to give fellowships and living allowances to those students, undergraduates, that are willing to sign a five-year contract to work in rural or native settings. Right now there is that type of fellowship, but it's only for interns. It comes along too late in the cycle, and it's not working. Very few students are taking advantage of it because they've already paid into anywhere from seven to nine years of their schooling. They're just poised to start making some money back and then we come along and say, "Well, why don't you go out in the rural areas for a few years?" It is not getting much of a reception. I think we have to back it up, back it down. It's not an unusual plan. This has been used for years by the armed services and the police and that to get graduates in engineering, science, and medicine, so it's a very old system. I'm just saying that it would work here in Alberta where there is such a shortage of medical people out in our rural and, in particular, native communities.

MR. CHAIRMAN: Thank you.

Other members wishing to speak? The Member for Ponoka-Rimbey.

MR. JONSON: Mr. Chairman, I think the recommendation may have merit. I was just going to point out that there are two or three initiatives in this direction, so it's certainly a need which has been recognized by the government.

I think it could be argued as to what is the best point in the medical training program for such an incentive to be introduced. It would seem to me that if this assistance is available at the end of the program, it has a couple of arguments going for it. One is

that at that point the prospective doctor has, I'm sure, made the decision that they want to be a doctor. There's not as much of a chance there of somebody having previously received assistance dropping out. By that time they've had a chance to assess the medical field and the pros and cons of accepting such assistance of going to the rural area for a period of time.

The other thing is that my understanding is that it's usually during the last two or three years that the student is particularly financially strapped, because they've been paying for their education for X number of years prior to that.

The other two things I wanted to mention, though, are that there is a program not that long in effect whereby there is support for the locating of physicians in rural communities outside of the heritage fund or the regular loan and scholarship programs. I think we need to see if that incentive program through the Department of Health is going to bear good results. The other thing is that I understand that the College of Physicians and Surgeons is looking at some possible changes in their regulations which would provide a better supply of rural physicians.

So I just make those comments, Mr. Chairman, on an interesting recommendation.

MR. CHAIRMAN: The Member for Westlock-Sturgeon to close debate.

MR. TAYLOR: Mr. Chairman, I've heard nothing from the member that would change the need for this. These other ideas are all like the prairie farmer watching the thunder clouds on the horizon: maybe they'll come over and rain; maybe they will not. Most times they will not. So most of the things we're waiting for that the member suggests are not going to occur, and I'd like to take some proactive move by having this motion passed.

MR. CHAIRMAN: Thank you.

The Member for Westlock-Sturgeon, recommendation 40.

40. Mr. Taylor recommended that the Alberta Heritage Savings Trust Fund appropriate funds for the telecommunications department to file a report with the standing committee showing unused capacities in the telecommunications system throughout Alberta.

MR. TAYLOR: That one rises again, Mr. Chairman, like an earlier one on advanced education. On cross-examination the minister in charge of telecommunications when he appeared before this committee was not able to answer what capacities our rural communities have in the way of unused capacities in our telecommunications system. That today is like 50 years ago not knowing what kind of a road you had out to a community or what kind of power lines you had coming in and what kind of water lines. If there is a limit to growth for a rural community today, it's its telecommunication hook-up: what's there.

There's not even a map out to show where fibre-optic lines are in Alberta. We're stumbling into the 21st century without even a road map of telecommunications, and I think that's absolutely unheard of. I've operated in a number of other countries in the world, and I still have some businesses, and you can walk in there and get it. But you can't here; I've tried it. You can walk into either the department of telecommunications or the Telus Corporation, and they won't supply you with what kind of a setup there is out there. So I think we should appropriate some funds. Now that we don't own Telus, we have to do the study ourselves, but I think it can be done with a small amount of money.

MR. CHAIRMAN: Other members wishing to speak? The Member for West Yellowhead, followed by Lacombe.

MR. DOYLE: Thank you, Mr. Chairman. Indeed, the resolution has some bewilderment in my mind. When these telecommunication lines were put in, especially the fibre optics, there certainly were plans as to where they were going. There were surveys. There were accurate land purchases and right-of-ways established. So somebody would have those maps, and somebody would have also the deeds for putting those telecommunication lines through the rural parts of Alberta especially. I was somewhat involved, being with the power company, and was aware of maps that were floating around quite freely, actually, to assure everybody where these lines were being established. So the point is not that there are not maps around; the point is the availability of us being able to assess those maps and see what the benefits are of the installation of fibre optics and other communication systems throughout the province.

Indeed, certain areas of the province should have better telecommunications. Some of us who travel in rural Alberta need a special telephone to operate in some of the remote areas, whereas the main influx of telecommunications has been in the city corridors in central Alberta. I would hope that the telecommunications department would look at providing better telecommunications throughout Alberta rather than the member being only concerned that he cannot find the maps to locate where these telecommunication lines are. In fact, if they're working, it's probably not that important to know exactly where they are, because somebody does have those surveys and those maps of installations throughout the province.

11:52

MR. CHAIRMAN: Thank you.

The Member for Lacombe.

MR. MOORE: I hope the member moving this will advise us what he intends to do when he establishes the unused capacities, what benefit it would be to Albertans to know the unused capacities.

When we put in these systems, Mr. Chairman, they're always put in with the projection of growth in Alberta and the demand for years ahead. If we are to make an assessment – it would be quite a thing to monitor all these systems to see whether they're used to full capacity or not, whether it's 40 percent, 75 percent – it's a tremendous exercise. That doesn't tell us anything. These are put in to serve the potential growth of Alberta, and I think this government and all Albertans have firm confidence that we are going to grow and the demand for further communications systems will be there. We would be very remiss if we didn't put them in with a capacity for growth. To go backwards and say, "Well, some of it's not being used now," I don't know what purpose it would really serve. We should just be happy that they have an overcapacity in there to address the growth and the demand by Albertans in the future.

So often we see things put in. We see a building, and by the time it gets built – it takes a five- or 10-year process or something to get it in place – we find that it hasn't the capacity to serve the present-day demand when we open it. I hear that every time I open a nursing home, every time I go to a senior citizens' lodge. By the time we put it in, it meets the needs of five to 10 years ago, but in today's growth pattern it is already oversubscribed. So I'm pleased to think that our communications system is thinking far enough ahead, 20 years, to put in systems that will serve the

public over that period of time and have a capacity to take on any growth that is demanded by business and people at large.

MR. CHAIRMAN: Thank you.

The Member for Westlock-Sturgeon to close debate.

MR. TAYLOR: Yes. The Member for Lacombe stumbled onto the whole reason for the question: that we want to know what the unused capacity is. That's exactly the question. The business development officers throughout the rural areas of Alberta would like to be able to know how many lines and how much they have available in order to go out and sell their town and their area or to attract different types of industry. That's exactly what they want to know: the unused capacity. The Member for Lacombe hit it right on the head when he said that we put it in there for growth in the future. Well, we want to know how much growth, how much is there. So that's it, Mr. Chairman.

MR. CHAIRMAN: Thank you.

MR. TAYLOR: I can introduce the other one very quickly if you wish.

MR. CHAIRMAN: Well, it is rather a long, complex recommendation, but if the member would like to introduce it, we can start debate.

41. On behalf of Mr. Mitchell, Mr. Taylor recommended that the Provincial Treasurer release to members of the standing committee the following information about the subordinated debentures of up to \$275 million that the Alberta Heritage Savings Trust Fund has issued to Crestbrook Forest Industries Ltd., MC Forest Investment Inc., and Kanzaki Paper Canada Inc., the joint venturers of the Alberta-Pacific pulp mill project:

- (a) the order of creditors to which the Alberta Heritage Savings Trust Fund claim against this debenture is subordinated,
- (b) a delineation of the conditions referred to in the clause "subject to certain conditions" appearing in note (j) on page 52 of the 1990-91 annual report of the Alberta Heritage Savings Trust Fund, and
- (c) the manner in which the "extent of the available cash flow" referred to in note (j) on page 52 of the 1990-91 annual report of the Alberta Heritage Savings Trust Fund will be defined and determined.

MR. TAYLOR: Basically, what we would want to know, through this committee and through the Legislature and through to the public of Alberta, is exactly where the Alberta government stands in the hierarchy of creditors for Crestbrook Forest Industries, MC Forest Investment, Kanzaki Paper, and the Al-Pac project. That's a long list here of what it is, but basically it just boils down to: we want to know where the heritage trust fund ranks if something collapses or hits the fan and the thing has to be liquidated. Where does the Alberta government rank?

MR. CHAIRMAN: Thank you.

The Chair suggests that we ask for a motion for adjournment and continue with the debate after the break. I recognize the Member for West Yellowhead to make the motion, please.

MR. DOYLE: Yes. A motion to adjourn, Mr. Chairman.

MR. CHAIRMAN: All in favour? Thank you. We stand adjourned until 2 this afternoon.

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