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Standing Committee on The Alberta Heritage Savings Trust Fund Act

Monday, October 2, 1978

Acting Chairman: Mr. Horsman

1:30 p.m.

MR. CHAIRMAN: Well, it's 1:30. We have a quorum. I call the meeting to order. Before we get under way with the consideration of the recommendations, I took the liberty of restructuring the recommendations in terms of order, because as they were presented to you this morning they had been placed without regard to the various divisions of the fund. So I have restructured them under the capital projects division firstly; secondly, the Canada investment division; and finally, the Alberta investment division. This follows the order set out in the legislation, and I think it will be much easier if we do it that way rather than going back and forth through the various ones.

What I propose to do is proceed as we did last year with the consideration of specific recommendations relating to the various divisions of the fund. Then at a later meeting, I expect, unless we're remarkably brief today, we could get into the items which are set out in the third set of recommendations entitled "Procedural". So if that's satisfactory to the committee, I will proceed firstly to deal with, under capital projects division, Recommendation No.4. Mr. Shaben, would you move the first one under the capital projects division.

MR. SHABEN: Mr. Chairman, I move Recommendation No. 1. There are a number of reasons I've brought this recommendation forward, of course the primary one being the rapidly escalating cost of housing for Albertans. I believe, though not being an expert, that there is room for innovative ideas and improvements in design and material use. I do recognize that companies are doing work -- they must be doing work, whether it's in the modular area or in the stick-build area -- in house design. Of course the rising energy costs are a factor. You see more and more houses that are triple-glazed and that sort of thing, at higher cost. So this proposal -- I think it's self-explanatory -- would allow the industry to submit proposals for innovative housing design ideas, and that there would be joint funding, fifty-fifty funding, through the capital projects division and industry on approved projects. Of course in developing the proposals, attention would be given to the Alberta building code, which we hear a great deal about. I would expect as a result of proposals there would be recommended changes to the code as well. So briefly that's the recommendation I'd like to propose.

MR. CHAIRMAN: It's been moved by Mr. Shaben to:
Recommend that a housing research program be developed. The purpose of the research program would be to develop new and innovative ideas for housing design for Albertans, emphasis to be placed upon economic, energy-efficient accommodation using Alberta materials, technology and labour. It is recommended that the research project

be structured similar to AOSTRA, allowing for joint industry-government funding.

The motion is open for discussion and consideration by the committee.

MR. TAYLOR: Mr. Chairman, does this overlap anything that Alberta Housing is now doing?

MR. CHAIRMAN: I'm not really in the position, as Chairman, to answer that question, Mr. Taylor. Perhaps the mover or others on the committee who are knowledgeable might want to answer that.

MR. SHABEN: Mr. Taylor, I'm not aware of Alberta Housing being involved in research. If they are, I don't think that's the place for it. I think research should primarily be done by private individuals and industry.

MR. PEACOCK: Mr. Chairman, while I'm not opposed to the motion, for my own satisfaction in bringing it forward, I'd point out that one of the big problems in what we're attempting to do here has always been the building code. There are a tremendous number of innovations that could cheapen housing right now, but you get all sorts of involvements here with unions, building codes, et cetera. That's the real drawback to this problem. It isn't research in itself, although it's possibly going to help. But for instance there is a vacuum system for sewage that could be used in all these new building projects and would save literally hundreds of thousands of dollars, probably millions. We run into this perennial problem of union and building code problems. So I only advise as a cautionary remark that this isn't the be-all and end-all to the problem of getting cheaper housing.

MR. CHAIRMAN: Any further discussion?

MR. CLARK: Mr. Chairman, in looking at this recommendation, as desirable as it is -- and I commend the hon. member for at least bringing the subject matter forward, and I couldn't quarrel with the desire, Mr. Shaben, at all -- I think we have to ask ourselves, when we're looking at many of these recommendations, what is the legitimate function of the operating budget of the province, and what really is the criterion we as a committee are going to use as far as the kinds of things that should be funded from the heritage savings trust fund as opposed to the kinds of things which should be in the normal operating budget of the province each year?

You'll recall that initially the Premier's comments were that we would be funding out of the heritage savings trust fund, especially the capital projects portion, those things which we couldn't ordinarily fund out of the general operating budget of the province. Now remember, my colleagues on the committee, we've got \$2.5 billion accumulated surpluses in this province, in addition to what's in the heritage savings trust fund today. Then last week when the Premier was in the committee, the terminology the Premier used to decide what was going to be funded out of the ordinary operating budget of the province and what was going to be funded from the heritage savings trust fund -- I think the Premier used the term "special projects". If you go back and check the transcript from when the Premier was here, he talked in terms of special projects now being funded out of the capital projects portion.

Now as laudable as this recommendation by Mr. Shaben is, it seems to me this is the kind of thing the Alberta Housing Corporation should be doing and, I thought, to quite an extent was doing. If it isn't doing these kinds of

things, then we as a committee or someone should be telling the Alberta Housing Corporation to get involved and do these kinds of things. But it should be part of the ongoing governmental operation that we should be looking at the most innovative ideas for housing design for Albertans. Emphasis should be placed on energy-efficient accommodation. If the Alberta Housing Corporation and the Alberta Home Mortgage Corporation aren't doing those kinds of things, then I don't know why we're making all the money available for them that we are as far as their operating budgets. I don't want anybody from the committee or our friends in the media here to misunderstand me, but we've got to draw a line as to what is going to be funded out of the heritage fund and what's going to be the purpose of the operating budget of the province. It seems to me these very desirable objectives Mr. Shaben has in mind should be part of the normal operating budget of the province.

MR. CHAIRMAN: Mr. Planche, followed by Dr. Backus.

MR. PLANCHE: Mr. Chairman, I just want to ask Mr. Shaben if he envisaged builders from outside the province coming to do their research here, in concert with the Alberta government.

MR. SHABEN: Certainly. I don't see any difficulty in proposals coming in from people outside the province, if the research is done here. That would be an advantage to our capacity in the province to design and build better accommodations.

DR. BACKUS: I'm just questioning Mr. Clark's arguments, because this would rule out practically any research project at all from the various recommendations we have here. I think the same argument could be applied to almost any research project. I'm sure we could find a department that could be considered as doing that research or supporting that research as part of their operating budget.

MR. CLARK: Dr. Backus, could I ask you . . .

DR. BACKUS: May I just finish? I feel that here we are in fact serving the purpose of the heritage trust fund in that we are not only doing research but stimulating the development of private industry in producing the materials here in Alberta. In other words, by this research we're stimulating Alberta development in the private sector. The development of types of sandwich boards and this type of thing that may well come out of research in this area would encourage the small businesses in Alberta to develop this type of construction material or method of construction. Therefore I would think this is much more applicable to the heritage trust fund than maybe some of the other research projects that are before us. But the argument that research should be carried out by the various departments -- by Alberta Housing if it's housing, by Business Development and Tourism if it's business -- will certainly eliminate quite a number of the proposals here.

MR. CHAIRMAN: Thank you. It appears as if there's going to be an exchange of question and answer between members of the committee. Mr. Clark, perhaps you might want to do that, but I would hope that rather than do that we could restrict ourselves to comments by the various members of the committee.

MR. CLARK: I'll retain my enthusiasm.

MR. CHAIRMAN: Mr. Taylor, followed by Mr. Speaker.

MR. R. SPEAKER: Mine was going to be a question. I thought the person presenting the resolution should have the material available to us. I'm not sure why you're restricting questioning of the person who presents the resolution. Is it a formal debate we're having?

MR. CHAIRMAN: I wasn't restricting questioning of the person who moved the resolution, but rather the questions between various members of the committee commenting on the resolution. I think perhaps if you wish to ask a question of the mover of the motion, that's certainly in order.

MR. R. SPEAKER: Fine. I'll do it . . .

MR. CHAIRMAN: Mr. Taylor, followed by Mr. Speaker.

MR. TAYLOR: Mr. Chairman, my first question really illustrates my only concern on this program. I would like to know how much of this Alberta Housing is presently doing. I think Alberta Housing is doing considerable along some of these lines. One thing in research, I think every research dollar should get full value for that dollar and we shouldn't have duplication. My only concern about this is that we do not have duplication.

I've had people come to me with what I considered innovative ideas for housing, but not being a carpenter or builder, I didn't know whether they were feasible, economical, or even possible. So I've always suggested to these who have come to me to send them to the Minister of Housing or the Alberta Research Council.

I know quite a bit of this -- I shouldn't say I know; I feel -- is new. To have an authority completely responsible for new and innovative ideas for new technology, feasible energy-efficient accommodations, et cetera, I think might be a real forward advance in regard to housing. One of the major recommendations I've received from pre-sessional meetings is that heritage trust money be put in housing. This has come from people of all political faiths. They thought this was probably the number one place where money should be spent, because a large number of the people in Canada are free enterprisers and they feel everyone should have the right to some type of home, to the greatest possible degree.

I'd like to draw the comparison that if we didn't have AOSTRA, I'm wondering if the detailed research that has tremendous potential, as was outlined the other day by Dr. Bowman, would be done through a department. I doubt it very much, because that takes almost concentrated time and continual concentration on those particular problems.

I found in research in connection with highways that at one time there was practically none being done in the department because everyone figured there wasn't money available. Then we started by using 1 per cent of our capital budget for research, and found it was paying us tremendous dividends. The Canadian Good Roads Association at that time recommended that every department in Canada, based on what we had found out, should have at least 1 per cent and possibly 2 per cent of their budget for research. We adopted that; we went to 2 per cent either right after or before the CGRA made that recommendation. This resulted, both in bridge construction and road construction, in savings of thousands of dollars. It more than returned the amount we spent.

But there was still a tremendous amount of research that we couldn't even begin to do. Then we asked the Research Council to take on some of this.

They spent so much money, and have been doing ever since that time, on research on highways and bridges to good advantage. The Research Council had some advantage over the department in that they had a man spending full time on research. We didn't. We had the top engineer of bridges or construction supervising that with many, many other things.

I think even if Alberta Housing is doing some of this, as long as it's not duplication, this would be a tremendous thing for the people of the province and might save thousands of dollars and find new ideas to get our houses cheaper.

I don't have the concern Mr. Clark has about whether this comes from the heritage savings trust fund or from general revenue. Both pockets are in the same trousers, as far as I'm concerned. If there are some things that should be in one or the other, as long as it's not being duplicated I can't get concerned about that. I feel that if it's proper use of money, then we should be doing it. If it can be done better through setting up an authority under the heritage trust fund, then let's do it that way. If we spend it there we have a greater surplus or a better balanced budget in the day-to-day operation. So I can't get concerned about that, as Mr. Clark appears to be.

So I really think this has merit. The only condition I have is that we make sure we're not going to duplicate research with any other branch of the provincial government.

MR. CHAIRMAN: Mr. Speaker, followed by Mr. Musgreave.

MR. R. SPEAKER: I know there's a lot of research going on at the present time. The federal government has a research group doing this kind of thing; some of the other provinces have. I'm sure the housing authority is. The private housing developers are doing a lot of research in this area. I think the market place demands that if there's to be lower cost housing, innovative housing, they're going to produce that kind of thing.

My question to Mr. Shaben is: have the housing people come to you -- say the Urban Development Institute, HUDAC -- and said, look, we need to have some type of co-operation or co-ordination by government to do this type of thing?

MR. SHABEN: No, Mr. Speaker. I haven't been approached by any group or individual. This recommendation has arisen from what I've seen in the industry. Recently I saw an innovative housing project that was undertaken by Alberta Housing in Grouard, where 28 houses were built using a new stack-wall method of construction. It would seem to me that the main intent of the recommendation is that industry do the research, rather than government, and that the assist be a co-ordinating effort by the government and the fund, rather than the government doing the research. The thing that triggered this is the need for more affordable housing. I'm one who believes that there are always new and innovative ideas that can be developed. This simply provides an assist for that, to encourage it to happen. It's difficult to say whether industry, individuals, architects, or designers would come forward with proposals to the board for joint funding. I really don't know. So in response to your question, I haven't talked to members of industry. It's been from my own experience and as I view the need.

MR. CHAIRMAN: Mr. Musgreave, followed by Mr. Notley.

MR. MUSGREAVE: Mr. Chairman, I had a little concern that has been expressed by some others. For example, in the city of Calgary and about four other cities

across Canada the CMHC, in co-operation with various builders -- in the city of Calgary it was Nu-West, which is one of the largest builders in North America now, I guess -- built energy-efficient accommodation using solar energy as one of the main components of heating. Unfortunately you can't build energy-efficient accommodations and make them economic at the same time. The two don't go together in our present climate. Now, CMHC and Nu-West on one particular house I think have in effect a ban on the project because the costs were just too great. The house is for sale and it's upwards of \$100,000, so it's not what I would class affordable housing.

The other problem I have is that we hear these recommendations for research and they make implications that the national building code could be amended. What that translates to me, in many cases, is let's eliminate the national building code because I don't like having to meet the requirements of it. We have struggles right now in the province of Alberta in trying to get our province and bureaucracy to live with that code. Because when you change the code you're in another area of concern; that is, the manufacturers across Canada who are building components to fit into houses that in the national market are following the national code. So it's not a simple thing that if we have research we're going to have bright new ideas that are going to create cheap housing. It just doesn't wash. I know these concerns have been raised by some other members of the committee, but I would be very nervous about going into something that may in effect be a duplication of what's already being done by governments much richer than ours and by companies that are as big as any in the industry in North America.

MR. CHAIRMAN: Mr. Notley.

MR. NOTLEY: Mr. Chairman, the concerns I would have -- I think Mr. Musgreave mentioned this matter and so did Mr. Taylor -- are that we don't want to get into a situation where there is duplication. However, I suppose the question here is the degree of emphasis we want to place on research. There is no doubt that if we didn't have AOSTRA we would still have research in oil sands technology. But we decided to go ahead with AOSTRA because we as a province felt we had to emphasize the research; that we had to place more emphasis on research in oil sands technology than would normally be the case.

I may be reading into Mr. Shaben's suggestion, but it seems to me there's a feeling within the suggestion that while there is research taking place -- some private research, some research by Alberta Housing, some research by CMHC -- there perhaps hasn't been quite as much emphasis on a total package of research designed to look at increasing affordability and looking at making housing more energy efficient in the future. It seems to me there is some argument that if we want to place stress on making our housing more affordable and more energy efficient and we want to encourage the research component of the private sector, that if there's any parallel with AOSTRA there's no doubt in my mind that AOSTRA has stepped up the research in oil sands. I would have to admit I have some concerns about the way AOSTRA is run, but I think the only thing I honestly have to say is that it has increased the research. It strikes me that a cost sharing with industry in housing research would probably improve the component. I think we would have to make sure that whatever board or agency was administering this would not just simply be topping research programs that Alberta Housing is already doing but in fact would be funding new areas.

As far as the question Mr. Clark raised, I think it's a valid one. But at the same time it does seem to me that research is one of the areas that

validly can claim support from the capital section of the heritage trust fund, and that therefore we would be consistent with the capital works division if we proceeded with the recommendation.

MR. CHAIRMAN: Any other questions, or does Mr. Shaben wish to conclude the debate?

MR. SHABEN: Just a couple of comments.

MR. CHAIRMAN: Mr. Clark. I'm sorry.

MR. CLARK: Mr. Chairman, perhaps I might just be permitted to make three or four comments. First of all, the comparison that has been made with AOSTRA. All of us had to be impressed with Dr. Bowman the other day and the kinds of things he talked about. But let's remember, Alberta is pioneering for the whole world as far as tar sands research is concerned. And well we should be, because we're the place with the greatest potential in the world. I think the comparison between AOSTRA and housing, frankly, isn't valid. That's with all due respect, Mr. Shaben. What you're saying is, let's structure it the same as AOSTRA, but let's not think that we're going to be able to come out with the kind of advance in housing or the kind of progress we've made as far as oil sands technology, hopefully.

The second point I'd make is: Dr. Backus made the comment that if we really followed the suggestion the research should be done by the Alberta Housing Corporation in this area or it should be part of the operational budget, in fact that would take out from here most of the recommendations as far as capital projects are concerned. I don't really think that's valid, because that likely should cause all of us to ask ourselves some pretty pointed questions about what we see is the real use of the capital projects fund and what's the use of the operational budget of the province which is approved by the Assembly each year.

The third point is that as I look at the housing situation, if we want to come to grips with the cost of housing two of the areas we have to look at are, one, the idiotic interest rates our people in Alberta are paying for housing. All the savings that might come out of this after 10 years wouldn't make much effect on the cost of a home in comparison to getting the interest rates down to 4, 5, or 6 per cent for people. Or -- and I'm talking about a recommendation that's yet to come up -- if we were to make low-interest loans available to our urban centres so we had a large number of lots available so there was a lot of competition out there for lots, I'm told that would cut the price up to \$8,000 per lot in Edmonton. I have real sympathy for what Mr. Shaben has in mind here, but I just say the Alberta Housing Corporation is the place where we should be saying, get on with the job. If we don't think they're doing the job, they shouldn't be here, then let's tell them so; this committee shouldn't be constrained in telling them so. So I just make the point to you people again: what are we really trying to do as far as the heritage fund is concerned? If we're going to approve this idea for research here, then we're going to see every government department come along and say, ah, a way to get a priority in our program area is to fund it through the capital projects portion of the heritage savings trust fund as opposed to going the route through the ordinary operational budget. I think that's wrong in principle.

MR. CHAIRMAN: May Mr. Shaben conclude the debate on this motion?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Mr. Shaben.

MR. SHABEN: Mr. Chairman, just a few brief comments. With any sort of proposal or project, whether it's research in any area, there's certainly no guarantee of success. I don't think that by putting this recommendation forward and it being acted upon, it guarantees that housing costs or the price or the energy efficiency is going to be achieved. But I think that fitting into the responsibility of the government in the area of trying to provide more economical, energy-efficient housing to the citizens, this is one area where we can move. The proposal is designed in such a way that the work and the research is not performed by government but is performed by private industry. That's an area that I think is most important.

The other arguments about its relative importance as opposed to energy research in the tar sands: it's a matter of how high a priority you put on housing and the cost of housing.

The argument that interest rates contribute a great deal to the cost of housing is certainly valid. But the cost of that interest is affected by the initial cost substantially. So if the initial cost of the house can be reduced by 20 per cent, the interest costs over a 35-year mortgage would be reduced substantially.

I think it's an important recommendation, and I'd like to have the committee consider it.

MR. CHAIRMAN: Thank you. Mr. Shaben has closed the debate. Will you indicate your support or otherwise?

Motion carried

MR. CHAIRMAN: We'll move on No.2 which I had placed before the committee for consideration.

AN HON. MEMBER: Should we table it?

MR. CHAIRMAN: In view of my unexpected elevation to the head of the table, I'd be prepared to hold that until a later date.

SOME HON. MEMBERS: Agreed.

MR. CHAIRMAN: The third recommendation has been placed on there by Mr. Diachuk, who explained to me just before the meeting that he was unavoidably detained. So I take it we can hold that as well until he has an opportunity to return.

SOME HON. MEMBERS: Agreed.

MR. CHAIRMAN: Now, Recommendation No. 4. Mr. Notley.

MR. NOTLEY: Mr. Chairman, Recommendation No. 4 would essentially be . . .

MR. CHAIRMAN: Just before you proceed. I'm sorry, I noticed in our minutes last year that we had proceeded to read the motion for the record. Perhaps we could do that from now on.

MR. NOTLEY: Okay. Recommendation No. 4:
That consideration be given to expanding public transit facilities throughout Alberta including:
daj upgrading facilities for inter-city bus service;
dbj re-establishment of inter-city rail service along busy transportation corridors;
dcj rapid transit facilities in urban centres,
and that such facilities be designed for access by handicapped persons.

Mr. Chairman, just very briefly explaining the reasons for the recommendation, it would be in the area of transportation, quite frankly one of those areas that is trespassing on the normal operational costs of government because there is budget allocation, for example, for rapid transit. For that matter, there is also budget allocation for the secondary road system. We as a committee felt last year that we should beef up the secondary road system and made a recommendation to that effect.

The purpose of the recommendation for your consideration, then, is to underscore the need to improve both rapid transit facilities and the urban areas. For example, it rather astonishes me that in the city of Calgary we're looking at a rapid transit system that's going to cost somewhere in the neighborhood of \$150 million, but we don't have any program at this point in time to make it accessible to the physically disabled. In my view, if we're going to make that kind of money available I think we should. I think urban transportation, just as rural secondary roads, is an investment in the future. While I know we're getting into a very gray area as to whether or not it should be financed from the heritage trust fund, I think an argument can be made that it should. But if we do get into substantial investment in rapid urban transit systems, it does seem to me that we have to insist that there be access by the physically disabled.

The other two are fairly straightforward. The re-establishment of inter-city rail service: again that's the kind of thing that may require some heritage fund money to upgrade the railroads. We can say it's up to the CPR to do it, but quite frankly if we wait for the railroads to do everything we may wait a long time. I think we have to look at the inter-city transportation system quite pragmatically on the basis of what's good for the province and not necessarily what might be good at some point for the CN or the CP. So members of the committee, that really summarizes the reasons behind the recommendation I'm putting before you.

MR. CHAIRMAN: Mr. Taylor.

MR. TAYLOR: Yes. Mr. Chairman, I strongly support this resolution in principle. I think it's an excellent resolution. The only concern I have about it at all is the word "city" in each place. If city can be included to mean town, village, or hamlet, then I'm completely 100 per cent behind this.

I'd like to give just a few illustrations in connection with the rail service. Rail service is increasing all over Europe, I am told. It's becoming a very efficient method of transportation in the United States. In this country, because of the attitude particularly of the CPR, and less so than by the CNR, the passenger service has become . . . You almost feel apologetic if you go to the CPR and ride as a passenger. It's been discouraged in every way, shape, and form. Yet it's a very efficient way. Many, many people are becoming very concerned.

I look at the GO trains in Ontario -- as a matter of fact I made it a point to ride on these GO trains -- and they're just excellent. They were jammed with people, just jammed with people, both late at night and in the daytime. People are leaving their cars and using them because they're efficient, fast, and people like them. As a matter of fact, I decided I'd go from Toronto to another city by GO train when I checked the price and the air price and the bus price. The GO train was faster, more efficient, more comfortable, and the accommodation on it was just excellent. I think we should be starting to look at this thing in this province. For instance, we now have a good through highway to a hamlet called Sherwood Park, which is bigger than most towns in the province. That's doing an excellent job, but I'm still not sure that a type of GO train between Edmonton and Sherwood Park wouldn't pay for itself and give very fast, efficient service. There's been some talk about this type of rail making use of the rail lines that are already in place, with a little additional from Edmonton to the International Airport. The International Airport is becoming quite a problem, and taxi service is just too expensive for the average citizen. I see another possibility of rail service between places like Calgary and Banff, particularly to operate part of the year. It would be a tremendous service, and I think would go a long way toward paying for itself.

In regard to inter-city bus service, Edmonton now has bus service with the city of St. Albert. I'm not sure whether they have it to Sherwood Park or not. I hope so. I don't know; I didn't enquire. But I know that the money provided by the province today to help with the deficits of bus service in our cities is an excellent thing. But it doesn't go far enough, because it's confined to the city. You have a place like the city of Drumheller, the whole Red Deer valley is really one people. Because you live at Nacmine, 4 miles out of the city, doesn't mean that those people should be less deserving of bus service than those who live at Newcastle which is 2 miles out of the city and happens to be incorporated and is part of the city. They all have to go to Drumheller. The same with East Coulee, 16 miles away, or Rosedale or Wayne. These people have no doctors, no lawyers, no dentists, no drugstores, and there's even danger now of the one grocery store in East Coulee closing up. The bus service is being provided within the city limits, but why shouldn't that be expanded to the people of that valley. They're all citizens; part of the money belongs to all of them. I don't think it should be confined just to the city. A bus service that's sensible, economical, and required is the way we should look at it. I think this resolution would enable that to be done.

In regard to rapid transit, again I think we have to get moving in that direction if we're going to meet the transportation needs of the people in the next few years. So I strongly support the resolution.

MR. CHAIRMAN: Thank you. Before we have another speaker, I wonder if we could get the doors open in here to see if we can possibly get a little air.

MR. TAYLOR: There's really no reason why that door shouldn't be open.

MR. CHAIRMAN: No, I think we can open . . .

MR. TAYLOR: And that door too. If anybody wants to listen, they can come in.

MR. CHAIRMAN: Well, it's a public meeting. The thing that concerns me is that it's getting a little stuffy in here. If you want to take off your jackets,

gentlemen, perhaps we could do that as well. It is a little on the warm side. I'm going to do it, so everybody can do the same.

MR. NOTLEY: I'll follow the Chairman.

MR. CHAIRMAN: It's up to you. Is there a window that opens in here? Maybe the drapes could be opened.

Now, Mr. Planche.

MR. PLANCHE: I didn't have my hand up.

MR. CHAIRMAN: Oh I'm sorry, I thought you did. Mr. Musgreave. Sorry.

MR. MUSGREAVE: Mr. Chairman, we get back to the basic challenge facing us; that is, who pays for what. I just want to deal with dcj. I have some great concerns with daj and dbj, but I'd just like to deal with dcj. Frankly I think the idea of rapid transit, particularly in my city, is highly overrated. It's terribly expensive. Primarily all it's going to do for the next 10 to 20 years is serve as a first-class rail transit for a very small segment of my city in which upper middle-class people live who can afford to ride the bus or drive their own cars to work.

Likewise, our city council decided they didn't want to provide access to handicapped people because they thought it was too expensive. I agree with them. They probably could provide a 24-hour personal taxi service that could be available for nothing rather than go this route. We seem to get hung up on rapid transit as the in-thing. I just point out to the committee that you don't carry your garbage on rapid transit; you can't have fire engines running on rapid transit. Eighty per cent of the trips a community makes are not going to and from work or from one dense populated area to another which rapid transit services. There have been a tremendous number of experiences available in the United States and throughout America and parts of Europe that, as your community becomes more affluent and in spite of all the objections we hear being raised about the shortage of energy, the automobile is going to be with us for many, many decades to come. You're not going to get people to leave that automobile. It's the most private, personal, convenient means of transportation man has ever invented. We're not going to give it up without a lot of pressure from elected people. As long as they're elected people they're going to be turfed out of office as soon as you suggest you're going to take it away from them.

Lastly, to adopt this proposal I'd say you're going to in effect eliminate any autonomy our local municipalities have in this province in deciding what kinds of transportation they're going to have within their community that they are prepared to pay for. It's fine to say, yes, let's take it out of the heritage fund, let Edmonton pay. Then the next accusation would be that we're moving more power into Edmonton and the local communities are becoming grapes on the vine with no way of establishing how they're going to live or what their future may be. So I would be totally opposed to this.

MR. CHAIRMAN: Mr. Peacock, were you . . .

MR. PEACOCK: Yes, I just wanted to say that in the upgrading of facilities for inter-city bus services I think Mr. Taylor and Mr. Notley have supported the needs and requirements of people. I just wonder how extensive this is and whether our response shouldn't be from the actual understanding and needs.

rather than making the funds available. What I'm attempting to say here is: we're getting into another subsidy program as we have been on transcontinental and certainly even inter-city railroads that politically have been very popular, suggesting the need of the people, and yet the indication has been, as Mr. Musgreave has suggested, that the people haven't used these systems. That's indicative certainly of our transcontinental. And I'm not supporting the CPR, but I would say that the facts suggest that their passenger trains, regardless of the services and all the criticisms we might give them, the people who are using them are mostly people who have passes or people who have really no need to go from A to B in an expeditious manner. So the result has been less than an economic success. I question the time, at least from our point of view and our responsibility with the heritage fund, of throwing funds out there and making them available. I think we should be looking at a response from the reaction of the private sector and our constituents as to the needs, and have some facts and figures before we start acting on making funds available for this kind of transportation.

MR. CHAIRMAN: Mr. Shaben.

MR. SHABEN: Just briefly, Mr. Chairman, I've got a couple of concerns. The first one is: what would it cost for the three proposals in terms of the capital projects division? Would it dry up all the funds in the capital projects division for a proposal such as this. The second part of the question is: what sort of operating costs will we saddle the municipalities with as a result of making all these capital funds available? Those are two concerns I really have, as it relates to a well-meaning recommendation.

MR. CHAIRMAN: You have a question, Mr. Planche.

MR. PLANCHE: Mr. Chairman, on that point. I haven't had an opportunity to get into the cost details of these proposals. It seems to me that the Department of Transportation, though, has done some work on the Calgary-Edmonton rail corridor in a fairly extensive manner to find out whether inter-city travel on that particular corridor made any sense. Aside from the aversion of people to ride on the train, it seemed to me that the cost for upgrading the railbed, putting in the kind of extensive rail lengths that are required, and making two-level crossings at each intersection was a wild number, just a prohibitive number. I wonder if you checked that before this was put in.

MR. NOTLEY: I don't have that with me.

MR. PLANCHE: I didn't have the time to do it either, but I remember the number as being outrageous.

MR. CHAIRMAN: Any further questions or comments on this?

MR. TAYLOR: Mr. Chairman, I don't think we should assume that all of this is suddenly going to take place all at once. Transportation systems evolve as the need is required. That goes for the highway system, for the secondary road system, or for the street system. They don't don't build the streets out to a new subdivision in any of our cities until the people are living there. Then sometimes after that they plow through mud for several months and occasionally for more than a year. These things always follow the people and follow the need. In my view this type of resolution can start doing these things where

we have the rail, for instance, and simply provide the train. If the need is there; not simply for the sake of doing it, but where the need is there.

I think the same things for bus services between various municipalities. Now I can speak definitely for the Drunheller valley. The need is there. There are a lot of people in East Coulee who have no cars, who either don't have a licence or are too old to have a licence, who spent their lives in the coal mines. Now their health is jeopardized. Are we simply going to close our eyes and say, walk the 18 miles or borrow a ride. These people have a little pride too. If it's possible to operate a system and pay for it with some small amount of subsidization, then we're filling a need and we're bringing business into the bigger centres.

You talk about subsidizing rapid transit. I think there's only one rapid transit system in the world that pays for itself, and that's the one in Hong Kong. Every other one is subsidized in one way or another. So I don't think we're introducing anything new or setting a precedent by doing this type of thing. In my mind the resolution is one that's going to endeavour to meet the need as quickly as possible after the need is established. We're not simply going to spend a lot of money or throw a whole bunch of money out and then find that it's not going to be needed. It's going to follow the other way. It's going to evolve the same as our transportation has evolved on other lines.

MR. CHAIRMAN: Mr. Speaker.

MR. R. SPEAKER: Mr. Chairman, I want to relate to 4, but also relate to some of the other recommendations that are in force here. I find it very difficult to make a good judgment on these particular items. I think they're all good things; for example, the one that's before us now. I've supported rapid transit for seven or eight years and think it's a good thing. I've said this publicly. The regional water system in No. 3 -- nothing wrong with that. The airport in Medicine Hat -- nothing wrong with that. The housing research program -- nothing wrong with that. Each one seems to have a star in each proposer's eye that brings about certain political benefits. The judgment I would have to make, if I use that as a criterion, is that if the program provides certain political benefits, then we should support it out of the heritage savings trust fund. I don't agree with that. I think we haven't set down a criterion upon which to judge it in this committee. If we're to judge it on the basis of what looks to be politically significant out in the field, I've got eight or 10 projects I could throw in here as capital projects where I know I can gain a lot of votes. I don't think that's the purpose of this committee. I think we've got to set down some criteria. I look at each one of these: to me they're programs that are ongoing, established through the budgeting process, and maybe that's where they should be. In light of that, I feel very strongly that that's where they should be. If we continue on this way and go through the rest of them, the only comment I can have on each one is: it looks good; it'll get you some votes; let's vote for it and put it in and maybe we'll all benefit something. I don't think that's what we as a committee are here for.

What I want to move at this point in time is that we table this recommendation and the others and look at one of the basic ones upon which we could make a premise. We have recommended in our recommendations that if we feel the capital projects division should be supporting ongoing programs or programs that are already funded and can be funded in the regular budgeting process and can be legitimatized through the legislative process in the

Legislature, debated openly, talked about, let's put it there. Maybe we should make a recommendation first of all that the capital projects division, any projects we recommend there, go through the normal budgeting process. I'm moving that we table No. 7 until we discuss that particular proposal.

MR. TAYLOR: Mr. Chairman, I'd like to raise a point of order.

MR. CHAIRMAN: A point of order. A motion to table of course is not debatable and there would have to be a seconder.

MR. TAYLOR: Yes, but it has to be seconded. So I'm trying to get a point of order in first. A motion to table is not debatable. Yet Mr. Speaker -- and I don't think he did it deliberately -- raised a number of points that I think many of us would like to answer or at least speak to. To make these assertions and then to table a motion in my view is not right. It leaves hanging a number of things that have been said that have not been dealt with. The one item I think has to be answered in regard to Mr. Speaker's comments was his political one, as if this is being done for votes. I would object very much to having this tabled. I'd much rather deal with it now and have it for or against.

MR. CHAIRMAN: It's debatable as to whether or not that was a point of order. (interjections) However, now that you're on the record, there is a motion to table, which is not debatable.

MR. TAYLOR: Was there a seconder?

MR. CHAIRMAN: Was there a seconder? Mr. Clark. I assume that Mr. Clark might, but let's get it on the record. A motion has been made and seconded to table the motion before this committee at this date.

Motion lost

MR. CHAIRMAN: We'll continue with the debate on the motion before the committee.

MR. TAYLOR: In that case, Mr. Chairman, I'd like to say that this resolution in my mind isn't political at all. It's serving the needs of all people who need this service, whether they're NDP, Social Credit, Liberal, Communist, Conservative, or anything else, if they're nothing at all. The thought of politics or votes never even entered my mind until Ray raised it. So I don't think it's logical for us to deal with this thing at all. I think we should leave that out of our consideration and see what we can do for the people, irrespective of how they vote.

MR. CHAIRMAN: Thank you. Now I have a long list. It must be the fresh air. (laughter)

AN HON. MEMBER: Close the window.

MR. CLARK: Mr. Chairman, as laudable as the points in Mr. Notley's motion are, we get back to having to ask ourselves once again the question: what really is the purpose of the heritage savings trust fund? Because the kinds of things we're talking about here, if it's decided public policy that we should move on

them, okay, let's move on them. But let's do it through the normal operating budget.

Mr. Chairman, here I perhaps should make the point that when I look at the paper that someone mysteriously prepared after 10 o'clock this morning, the order of recommendations to the heritage savings trust fund committee, I notice that the first recommendation we'd made with regard to the reorganization of the heritage fund does not appear in here at all. It could be that I have overlooked its inclusion in the recommendations that are proposed to be discussed. But what our recommendation really said is very central to what we're doing here right now; that is, in its simplest form, the ongoing kinds of things that government does should be funded out of the operating budget of the province.

Increasingly last year we had the suspicion but certainly this year it's become very obvious that there isn't one project in the capital projects portion of the heritage savings trust fund that wasn't in operation or hadn't been started before the heritage savings trust fund capital projects portion came into being in 1976. The criterion that was used in '76 was that they would be unique projects which the province couldn't afford. That was the route we were going to go as far as capital projects. Now that's been completely destroyed, completely changed. In our very best judgment, in light of this the best way for us to go would be to really take the capital projects, put them over into the operating portion of the budget because every one of them can slide into the ordinary budgets of the various departments. Whether it's the grazing programs, whether it's the hospital programs, or any of the other ones that have come along here, every one of them we see now are extensions of programs which were started in the past. I don't think the capital projects division is a place where we simply extend the finances for ongoing programs, especially when we've got a surplus in this province of \$2.5 billion, in addition to the heritage fund.

I'd like to read the recommendation so it's on the record:

Whereas the requirements of the capital project expenditures for projects which would not otherwise be possible is rendered ambiguous by the traditional funding of similar services from the general revenue, by the vital nature of some such services, and by the accumulation of surplus revenues which would make such projects possible in any case, and

whereas the separation of heritage fund projects from the projects of general revenue tend to prevent an integrated view of all such projects, and

whereas the funding of such projects is not a proper function of the savings fund,

be it resolved that all capital projects be removed from the heritage fund and be supported by the general revenue of the province.

We'll have to use some of that \$2.5 billion of accumulated surplus. That's the way it should be, as I see it.

Mr. Chairman, the reason I'm taking your time in doing this right now is that we're going to have to make basically the same speech on all the recommendations unless we deal with this recommendation pretty early.

MR. TAYLOR: You could make a record.

MR. CLARK: Yes, we thought if we did it often enough someone might listen.

MR. CHAIRMAN: On that point, if I might clear it up for the members of the committee who arrived late for the opening of our meeting this afternoon. I will clear up the mystery as to how this document appeared. I pointed out at the beginning of the meeting this afternoon that during the morning I had prepared the document, before you now, which listed the items according to the various divisions of the fund, and that I felt we would discuss these today as had been the procedure adopted by the committee last year, and that we would then deal with the procedural matters which were a separate sheet distributed this morning and that those would be discussed at a later meeting. And the committee adopted that procedure by consensus, or agreement at any rate, that we would proceed in that manner. So perhaps it's unfortunate that that wasn't understood when you arrived.

MR. CLARK: Mr. Chairman, can I just say this then: I think it was important for us to put that particular point on the record here this afternoon, because basically that impinges on the large bulk of the recommendations. If we were to go that way -- and I somehow suspect the committee isn't overly enthusiastic about going that way, even though I think it's the proper way to go -- it would have a very major implication on all the recommendations. Then if that's the route the committee wants to go, fair ball. I apologize for being late because of a previous commitment. Members should take the arguments having been made, and we'll deal with that basic question at the end rather than the start.

MR. CHAIRMAN: Thank you. But I did want it clear to you that your recommendations certainly haven't been thrown out with the bathwater, or anything like that. They will be dealt with later. Okay?

MR. CLARK: We wouldn't want the budding new Chairman for the day to be involved in any bathwater escapades.

MR. CHAIRMAN: I am exactly that: Chairman for the day. Thank you very much. Mr. Peacock.

MR. PEACOCK: Mr. Chairman, at the expense of making an intrusion here that maybe is out of order, I don't think there is any problem in looking at these capital recommendations that have been brought forth by the standing committee on the heritage fund in arriving -- whether it's before the horse or after -- at the position of the procedure this standing committee is going to take. Surely to goodness, through the discussion we're having here, these capital projects in the interests of all Albertans are going to develop, whether they be originally funded in the operational funds of the province or whether they be a special project that cannot be funded by those operations and must come out of the heritage. Surely out of that will come a better understanding of how the procedure of this heritage fund should function to the effectiveness of the citizen in total. So in agreeing to the agenda you suggested at the beginning, I can't help but support you and think it was too bad Mr. Clark was late.

MR. CLARK: You wouldn't make that announcement at the first meeting you were at, Fred, would you?

MR. CHAIRMAN: Well, we seem to have gone off on a little diversion. Could we get back to the question of the motion which is under consideration? Mr.

Clark has spoken and made his point of view known. Mr. Kroeger was next on the list, I think to speak on the motion itself. Is that correct? On this resolution no. 4.

MR. KROEGER: Well, I think Mr. Taylor made a point. Although the view I'm supporting now is not the direction you were going, Mr. Taylor, I have a great deal of respect for your judgment when it comes to transportation particularly. But I think the comment you made here that is valid is that by inference you were saying the time is not yet. You were saying that when the demand grows then services follow. I think we're jumping the gun a little bit here. We just watched the demise of this rapid transit between Calgary and Edmonton on a main line service. The CPR eventually said it doesn't wash. For us to move back in and try to force it to happen just because it is a heritage trust fund, I think is premature. The time may come, but I really can't see that we should be moving in this direction at this time. I think we are at times being carried away a bit by having the feeling that we must present something that the heritage trust fund can be used for, so here's something worth while. At some time it probably will be, but I don't think we can sit here and spend the whole afternoon talking about that kind of thing and accomplish very much. So I can't support No. 4 at this time.

MR. CHAIRMAN: Mr. Speaker. You were on the other point, were you? Any other comments, or may Mr. Notley conclude the debate?

SOME HON. MEMBERS: Agreed.

MR. NOTLEY: Mr. Chairman, first of all, my friend raised comments about the political thing, but I think he was just teasing us so I'm not going to take that very seriously.

MR. CLARK: Very seriously.

MR. NOTLEY: I think Mr. Taylor answered the question about the cost very well. No one is going to suggest that we do all these things overnight. That certainly isn't the written suggestion or even the implication in the recommendation. The implication, however, is that we should begin to move, if appropriate and if feasible, to develop public transit facilities throughout the province, not just between the cities but the small communities as well.

The second comment deals with the whole question I think Mr. Planche raised of rail service between the two major cities. I know there's been a lot of problems with the CP dayliner. But one of the things that really impressed in the United States with Amtrak is not the experience of Amtrak in the long hauls, because that has not turned out well at all, but rather the experience of Amtrak in the inter-city traffic, the commuter traffic. Ten years ago the commuter inter-city train traffic declined to 2 or 3 per cent of the total. It's not the 20 per cent, which is a very respectable total. I am convinced personally that in terms of inter-city traffic, particularly the distance between our two major cities, we're missing the boat if we don't look at high-speed trains. They're far more energy efficient. I know perhaps in a sense we have a bit of a conflict of interest because of PWA, but the fact remains that -- here I'm teasing a bit -- the American experience has shown that on short-distance hauls the train be a very practical alternative. I don't think we should dismiss that out of hand.

The inter-bus between smaller centres and the cities or between places like Sherwood Park and the city or the communities in the Drumheller valley -- I think Mr. Taylor has well explained the arguments for it.

Quite frankly -- I just close on this, Mr. Chairman -- I don't think this is the kind of proposal that's going to sweep the province in terms of votes. Quite frankly I don't think it's a proposal at this stage which is all that politically saleable. If I were thinking of an inventory of things I would offer the people before the next election, it would be Resolution No. 4. We're talking about a long-term approach to developing public transit. While the car is going to be here for some time, the fact of the matter is that we're going to have to slowly but surely begin developing more energy-conscious alternatives -- not a total alternative overnight, but slowly but surely. And that's essentially what I'm saying in this recommendation. I'd urge members to support it.

Motion lost

MR. PEACOCK: Mr. Chairman, I know this is a little out of order. I think what Mr. Notley and Mr. Taylor are talking about are considerations of this capital fund, and it also touches on what Mr. Clark and Mr. Speaker have suggested. That is, I wouldn't be opposed to a motion -- and probably it should have been made as an amendment by me -- coming onto this table that as a direction to this standing committee on the heritage fund the capital costs on transportation as they allude to the upgrading of facilities in the inter-city services of the province of Alberta or in regard to rapid transit facilities or to the decision to reassess the value of rail transportation interprovincial, that that be a consideration of the standing committee, to look at those areas of transportation and their capital cost aspects and only for this committee to respond on specific capital-cost demands.

MR. CHAIRMAN: You're quite right that your comments are out of order. (laughter) You're certainly testing the ingenuity and ability of your new Chairman. But I must say, perhaps you might make those points later on when we do get the motions which Mr. Clark alluded to in his earlier remarks, because I would think they would be appropriate on that occasion as well. So perhaps we could move on with the agenda. Since Mr. Diachuk has reappeared, perhaps we could return to his Recommendation No. 6. Recommendation No. 3. I beg your pardon; it was No. 6.

MR. DIACHUK: Thank you, Mr. Chairman, and members of the committee. I was just tied up with some other commitments here in the Legislature and I have to leave shortly.

The recommendation, listed as number 3, was my thinking after I had a chance, with other members of the Edmonton area, to see a report that was released some two weeks ago, called the Edmonton Regional Utility Study. My background is such that I am familiar with the northeast part of this province more than any other part. I may be accused of favoring predominantly Ukrainian settlements, but so be it.

AN HON. MEMBER: Go on, Bill.

MR. DIACHUK: However, when you're familiar with a certain area, you sometimes do better in it.

The purpose of this recommendation, Mr. Chairman, is to recommend that some of the heritage savings funds be used to provide potable drinking water -- or whatever you want to entitle it -- and sewer facilities in the outlying areas not necessarily tied to the large urban areas of Edmonton and Calgary. Edmonton has expanded a lot of its facilities, still can use some of the surrounding area from the counties of Strathcona and Sturgeon. But when I saw the report and realized that the recommendations of the report were to look as far as 60 and 75 miles away from Edmonton, at this time I would like to hope that we would look at building some central systems located further away from Edmonton to serve areas on both sides of the North Saskatchewan River. The same thing can be applied, if successful, in the areas of some of the other rivers, be it the rivers in Calgary and Lethbridge and even Red Deer.

This would provide the front-end funding to communities such as I've listed in here, and in time even maybe set up a repayment to the fund so it wouldn't really be a capital cost. In the meantime, I believe it would have to be considered a capital cost, but over a long period of time could be paid back to the heritage fund on a very small interest basis that would relieve the taxpayers of these surrounding districts of a heavy burden on their tax assessment.

We know that at this time of the year, and in this particular year, we almost don't want to talk about water because there's a lot of rainwater out in the fields. Some of the communities, such as Vegreville, are struggling with their growth and need more than the water they get over the seven pastures. Some people refer to it as 'pasture-ized' water. The only pasteurization is it flows through all the different pastures before it reaches Vegreville. I think we owe it to the communities. The same example could be applied west and north of Edmonton. Therefore I'm interested in seeing this recommendation go forward, Mr. Chairman.

MR. CHAIRMAN: Thank you. Mr. Taylor, followed by Mr. Clark.

MR. TAYLOR: Mr. Chairman, I think this is one of the most far-reaching resolutions we've had before us since the committee was formed. Everywhere I go there's a crying need for more water. We're spending today thousands of dollars in a makeshift way, because it's all the municipalities can afford, to get water into their areas. Take a look at the town of Strathmore. It's growing every day. It's just been a terrible effort on the part of the council to try to get sufficient water to meet that growing demand for water in that town. Now, the Bow River isn't that far away. If we don't put up some type of system to bring the water from the Bow, either through the WID or through a separate pipeline, into that area, we're going to spend as much as would be necessary to do that and still not have a stable, continual, long period time for water. In other words, we're going to -- not deliberately -- waste money in trying to get systems that are just not meeting the demand. Water is one of the basics of life. I don't have to go into all that. In that same area a pipeline to Strathmore from the Bow River or from Eagle Lake could probably be expanded into providing sufficient water for the town of Standard or the town of Hussar, or for other purposes in that area.

Looking at the north end of the Drumheller constituency, there we have Trochu -- not in the Drumheller constituency, but on the opposite side of the river -- which needs water. They're not very far from the Red Deer River, and with the dam coming in at Innisfail there's going to be sufficient water to take water out there. The town council constantly wonders why we should waste money in trying to find wells and water when they could pipe it up and make

better long-term use or all-time use for the same money. Three Hills is short of water -- just 8 miles or so from Trochu. On the other side of the valley Munson doesn't have any water at all. It's a growing village. But maybe you don't realize that every person there has to haul their own water in five-gallon cans from the city of Drumheller. They just haven't got the kind of money that's necessary to pipe it up from the Red Deer.

Water is a most important item, and I want to commend Mr. Diachuk for bringing this in. He mentioned the Ukrainian people, but the rest of us get thirsty too. (laughter) That same thing he said about the Ukrainian people applies to every other Canadian, whether they're of Ukrainian extraction, Russian, Chinese, or Irish. Water is an essential of life. I think this is a far-reaching, basic resolution. I certainly hope it'll be adopted and acted on.

MR. CHAIRMAN: Yes, I have a list. I'll just read it out so everybody knows they're on it. Mr. Clark, Mr. Musgreave, Mr. Shaben, and Mr. Kroeger.

MR. CLARK: Mr. Chairman, from the comments made by the member moving the committee when he talked about a portion of the cost of the thing being repaid to the fund, that certainly fits within my criteria of a low-interest loan which can be justified from the fund. I'm in the situation in my own riding -- a \$14 million waterline is being built from Innisfail. The only cautionary point I'd make is that you get the Department of the Environment to put the intake for the waterline above where the closest town lets their sewage out, rather than below like they did in this case. The intake line is less than half a mile downstream from where Innisfail lets its sewage out -- albeit it's treated, we hope.

Seriously, the project has been very worth while in that area. The Department of the Environment has tied the rate of water to an average water rate across the province, so people are paying a portion of the \$14 million capital money back. I see that as being a logical commitment of funds from the Alberta investment portion of the heritage savings trust fund. This kind of project, as long as a portion of it is being paid back, I can see as part of a low-interest loan kind of venture. Fair ball. It's one I'd be prepared to support.

MR. CHAIRMAN: Mr. Musgreave, followed by Mr. Shaben.

MR. MUSGREAVE: Mr. Chairman, I'd like to move an amendment. In listening to my colleagues here I can see that we're being very political instead of apolitical. Being political for a minute, I'm concerned that we're going to be tying into the water systems in Calgary and Edmonton and the next thing we'll be tying into our sewage systems.

MR. CLARK: It wouldn't be a bad idea.

MR. MUSGREAVE: No, it wouldn't. As long as you pay your fair share. This is what concerns me. Therefore I'd like to move an amendment that we delete all the words after the word "Alberta". The recommendation would then read:

It is recommended that additional regional water systems be built with Heritage Savings and Trust Funds to supply potable water to towns and villages throughout Alberta.

MR. KROEGER: I will second that, if that's a motion. Then you can take me off your list, because that's what I was talking to.

MR. CHAIRMAN: I think that motion is acceptable according to the tenor of your original motion, because the other words being deleted basically relate to specific projects rather than to the principle implied in the motion.

MR. MUSGREAVE: That's right. Mr. Taylor brought up concerns, and Mr. Clark. I'm sure you could go around the table and all the other rural members have their concerns too.

MR. CHAIRMAN: Who wishes to debate the amendment, which is to delete those items?

MR. SHABEN: Mr. Chairman, the comments I have to make would apply to the amendment as well as to the motion; that is, I would have liked to have seen some modification of the first line. But that can be dealt with later. But I'm kind of wondering at the moment, because Mr. Clark alluded to the regional waterline that serves that area. And also there's a regional waterline that's being constructed in northeastern Alberta under the Department of the Environment, under Position Paper No. 5, which already provides for this sort of thing, and that we enter back into . . .

MR. CLARK: On a repayment basis?

MR. SHABEN: . . . that a large portion of capital is being picked up by the general taxpayer. That's what makes those waterlines possible. So I'm wondering whether in fact this isn't already being done under the general revenue, though I agree with the intent of the motion, and it is in place as a policy under Position Paper No. 5 with the Department of the Environment. So since it has been done in a couple of cases, is it appropriate to add on by making an additional program out of the capital projects division. That would lead me to suggest that we slightly change the wording of the first part of the . . . Maybe this is out of order, Mr. Chairman, but just a suggestion that it be changed to read "consideration be given for construction of additional regional water systems with heritage fund money". It is "consideration" because it is now being done and if there aren't sufficient funds within the Department of the Environment to carry out those programs that are necessary, this is where this could come in within the criteria of the capital projects division where projects that wouldn't be done otherwise because of a lack of funds would fit. Do I make myself clear?

MR. CHAIRMAN: You raised the question of a point of order. I would think that that is not really in keeping with the debate on the amendment to the motion at the moment. If that amendment were to be passed, which would delete a large section of the motion, it would still be possible for you to make a further amendment to the substantive portion of the motion. It would be more appropriate to discuss it at that time. Yes, Mr. Clark.

MR. CLARK: Mr. Chairman, I'll come back to Mr. Shaben's comments later. I think they're very appropriate, but I wonder if the mover and the seconder of the amendment would consider the point Mr. Musgreave made, and that is with regard to not only water systems but also sewage systems. Would the committee be agreeable to the idea of broadening that from water systems? Or we can

come in with another recommendation later on. Mr. Musgreave's point is very well taken, that as soon as we get a regional waterline into an area then you get the problems of regional sewage disposal. The most economic way of doing that -- as long as it's on the basis of a portion of it being repaid, then I have no problem with it as far as the Alberta investment portion of the heritage fund is concerned.

MR. CHAIRMAN: Thank you, Mr. Clark. I think perhaps we are straying from the amendment, however, in these discussions. Both you and Mr. Shaben have raised it. Perhaps we could deal with the amendment portion, which is basically to delete the specific references to the various communities within the province and to leave a motion which is substantive in nature in its own right.

SOME HON. MEMBERS: Agreed.

MR. CHAIRMAN: Question.

MR. DIACHUK: Just a comment. I have no real difficulty with that, Mr. Chairman. Basically my recommendation was broader, to be able to give the members of the committee to consider this quite openly. I do have some concern, without necessarily tying such centres to the centralized systems of Edmonton and Calgary, but I am sure that the debate here will be recorded and the minister who will be responsible for implementing this program would then see the intent. I just have that difficulty, and leaving out "after an immediate start", no problem with that at all. My intent was that these regional water systems are not tied in to Edmonton and Calgary, but I would support the amendment anyway.

MR. CHAIRMAN: You have heard the debate on the amendment. Mr. Notley.

MR. NOTLEY: I really think the amendment covers it, and it then allows us to look at the thing in a much broader basis. When you talk about water, the Peace River country, my Heavens, you know, we have run off water from most of the towns. The idea of a system like this for most of the communities in the Peace would be far more appropriate than even the places that you cite, appropriate though they may be.

AN HON. MEMBER: Agreed.

MR. NOTLEY: But where the amendment now really allows us to get at the basic concept, then I think Larry Shaben's point is also valid, that maybe since there is already one of these in place, what we're looking at is making extra money available to do what we would not normally be able to do from the present capital budget of the Department of the Environment.

MR. CHAIRMAN: The question on the amendment. Is there any further debate on the amendment?

!fs;iAmendment carried

MR. CHAIRMAN: We are now back to the motion . . .

AN HON. MEMBER: As amended.

MR. CHAIRMAN: . . . as amended, which reads:

It is recommended that additional regional water systems be built with Heritage Savings and Trust Funds to supply potable water to towns and villages throughout Alberta.

Mr. Planche.

MR. PLANCHE: Thanks, Mr. Chairman. I'm wondering . . . Mr. Clark, you expressed some concerns about whether or not some of the money was paid back to the fund eventually.

MR. CLARK: Yes.

MR. PLANCHE: As to whether you'd support it or not. I'm visualizing a town now that's trying to attract industry, and it isn't going to be possible to attract specific industries unless there's ample water, and probably the repayment couldn't start until after the industry was in place. How would you visualize that happening? I mean, how are you going to put a caveat on your support of this thing so that I can sort of understand what you're saying here? The thing will go in place, and then the repayment may not be until some later time, and that's supportable by you?

MR. CLARK: That's quite supportable.

MR. CHAIRMAN: I'm sorry. I'd like to try to avoid so much questioning back and forth between the committee if we can, because I think . . .

MR. PLANCHE: Mr. Chairman, I'm highly supportive of this thing. I think it's really important, and I'm trying to establish in advance how much meddling there might be of our intent, if we don't understand where we are in terms of the refunding.

MR. HORSMAN: Okay. We can perhaps continue on now to debate the motion, or if anyone else has another amendment they wish to make, now would be an ideal time to propose it.

MR. SHABEN: Mr. Chairman, I'd be prepared to make an amendment as I have briefly described, but there was an additional comment about sewage systems. My amendment will deal strictly with this motion as it relates to water, and I would propose that it be changed as follows:

Consideration be given for construction of additional regional water systems with Heritage Savings and Trust Funds to supply potable water to towns and villages throughout Alberta.

MR. TAYLOR: I can't see what difference it makes.

AN HON. MEMBER: I don't see what difference.

MR. TAYLOR: If it's recommended, that means it's going to be considered.

MR. NOTLEY: We're already saying "additional", Larry.

MR. SHABEN: The reason I was making this is because there already is a program in place, and that's why . . .

MR. DIACHUK: That's why the word "additional".

MR. SHABEN: Right. Okay.

MR. CHAIRMAN: Do you wish your amendment to stand?

MR. SHABEN: If it's the expert's view that the amendment isn't necessary, then I would drop it.

MR. DIACHUK: Agreed.

MR. CHAIRMAN: Are there any further amendments?
Mr. Taylor.

MR. TAYLOR: I haven't an amendment, but I'd like to make a comment.

MR. CHAIRMAN: Mr. Taylor, a comment.

MR. TAYLOR: As a matter of fact there are one or two comments in regard to the way the motion reads right now. First of all, I don't think we should tie sewage into this at all. This is a case of getting water to communities. Let's get the water there. We can try to do everything at once and we're going to get nothing done. I think the water's the important thing. They look after their sewage one way or another. Let's get the water to them. That'll help them solve their sewage problems. So I'd like to see this just kept with water.

Again, I think the capital projects, with due respect to Mr. Clark, is the proper place where this should be. It's an economical and a social benefit, and if it can be paid back, fine, but I'm more concerned about the people getting water than I am about getting it paid back. We need water in many, many places in this province, and the start that the Department of the Environment has made under the regular budgetary items is fine. But we're not going nearly fast enough, and I think this is a good example where we can do something under the budget matters and also something with the heritage trust fund to the benefit of the people. So I would like to see this resolution carried the way it is now.

MR. CHAIRMAN: I don't know any other speakers on my list. Most people have made their points in one way . . . Sorry, Mr. Peacock.

MR. PEACOCK: Just a further comment, Mr. Chairman. There is already a program in force with the Department of the Environment on a shared cost program for sewage, anyway, in these small communities.

MR. CLARK: Mr. Chairman, just . . .

MR. CHAIRMAN: Mr. Clark, yes.

MR. CLARK: . . . a comment that I'd have to make, though, is that when you're building a regional water system, it's at that very time that you should look at the other side of the equation. That is, what the heck are you going to do with the sewage? Because if one could turn the clock back in a number of places across the province, we would have saved an awful lot of money if we

could have gone the route of regional sewage treatment. And there are just all sorts of communities across the province where we can see that.

MR. R. SPEAKER: Let's leave it flexible.

MR. CLARK: As I say, let's, as my colleague here says, let's leave it flexible. I don't propose to move the amendment as far as sewage is concerned, but to the members of the committee here, if we're going to build this kind of water line that our friend from Edmonton Beverley is talking about, we would be really very short-sighted if at the same time we didn't look at the sewage problems and handle that thing all at once. In fact members may want to talk to town councillors in Airdrie tomorrow on this very matter, because they've got a water line out to Airdrie and a sewage line back to Calgary. And they're paying a portion of it back. And, as I say, that's how I can be pretty enthusiastic about the project being in the Alberta investment portion of the fund.

MR. CHAIRMAN: I think most members have had an opportunity of making their views known in one way or another.

SOME HON. MEMBERS: Question.

Motion carried unanimously

MR. DIACHUK: Excuse me, Mr. Chairman.

MR. CHAIRMAN: Thank you, Mr. Diachuk.

AN HON. MEMBER: We move on to something else now.

MR. CHAIRMAN: Oh, yes, before we move on, I'll pass these forms around. These are the itinerary for tomorrow, slightly changed. I draw your attention to the fact that the departure from Government Services Hangar at the Industrial Airport is 9 rather than 8:30, and the aircraft party and the road party are to meet at Airdrie restaurant at 10:30 a.m.

AN HON. MEMBER: Airdrie restaurant?

MR. CHAIRMAN: That's what I have. Airdrie restaurant.

Okay. If there are any further questions you might take them up with the secretary, Doreen, or you may talk to Mr. Blain. Any of the reporters who aren't getting there by any other means are welcome to ride on the airplane.

MR. NOTLEY: You've found the DC goes a little faster, have you, than originally? I see that it just takes an hour now.

MR. CHAIRMAN: I don't know about that.

Well, perhaps we can move on, then, gentlemen, to Recommendation No. 5. Mr. Notley.

MR. NOTLEY: Recommendation No. 5:

That the Committee reaffirm its request for consideration of a "New Pioneer" program for the provision of infrastructure, loans and assistance to the opening up of new homestead agricultural land.

Mr. Chairman, we had made this recommendation last year as a committee. There are a number of reasons why I think the committee should once again make a recommendation. The first reason is that the department of lands really still hasn't changed its policy on some of this new land that can be opened up. There's varying estimates as to the amount of arable land left in the province, up to 4 million acres, but a substantial amount of land, even taking very, very cautious estimates, can be opened up in the province.

But unfortunately the department of lands is still charging, in my judgment, prohibitive amounts to young homesteaders. When you have quarter sections that are totally covered with bush in the Fort Vermilion area, and they're being charged \$40 an acre to get the land in the first place, then you've got to bring the brushing equipment on, you've got to break it afterwards, what you're doing is talking about land prices that are so high that it becomes an impediment.

Then, on top of it, Mr. Chairman, when you don't have the infrastructure, when you don't have the roads and you don't have the basic services, and you're sitting out there in the bush and you're going to be waiting for the power, waiting for rural gas, if that's a possibility, but even waiting for a road so that your kids can go on the school bus, what in fact happens is that we have a very, very slow process in developing additional agricultural land.

Now I would say, Mr. Chairman, that one of the major reasons for this recommendation last year was to see if we could give our department of lands a little bit of a push to move somewhat faster and a more comprehensive approach to developing additional land. And as I travel around the province and see some of the land prices now, land prices in central Alberta that are prohibitively high, where are young people going to go? I think there's a really exciting possibility to open up substantial additional parcels of land, and a little later on there's a recommendation Mr. Justice Hall made about additional railroad facilities in the province that would tie in to this new pioneer program.

But I think it was a good recommendation last year, and I think it merits support again this year.

MR. SHABEN: Question.

MR. CHAIRMAN: The question has been called for.

Motion carried unanimously

MR. CHAIRMAN: Recommendation No. 6. Mr. Notley.

MR. NOTLEY: Mr. Chairman, Recommendation No. 6:

That consideration be given to the construction of a prototype grain handling station which incorporates drying and handling facilities.

I would like to ask that this be held over, if I may. First of all, I could perhaps give my reasons for asking that it be held over. I don't think there's any question now, with the wet, soggy fall that we have, that there's going to be a much greater demand than ever before for conditioner facilities that make it possible to condition grain. Now, one option would be an extension of the inland terminal concept, but still another option has been developed by a group of people in the north, in the Peace River country, that have made representation to Mr. Justice Hall. They've gone down and talked to the senate committee. I have discussed it with the chairman of this group, and they would be prepared to come at some convenient time during the session,

if we could spare an hour or so, and make a submission to this committee. It's a totally new concept of grain handling facilities that would engineer in the facility a conditioning process so that there would be grain drying facilities right in the station as opposed to every farmer having to get his own grain drying equipment. There would be facilities for conditioning of the grain, use of the screenings. All the features that we're looking at in the inland terminal concept could be done on a smaller basis in a decentralized way.

Now this is not the sort of thing that I want to throw before a committee and ask you to vote yes or no on it today. But I did want to raise it, and ask you as a committee if you would be willing to meet with the several representatives from this group at some point during our appearance later in the legislature.

MR. TAYLOR: Is this an organized group?

MR. NOTLEY: Yes, it is.

AN HON. MEMBER: What do they call themselves?

MR. NOTLEY: Peace Agra Ltd.

AN HON. MEMBER: Another question as it relates to the group. Is it broadly based?

MR. NOTLEY: Yes. It's extensively based, with shareholders throughout the Peace country, and people from every district and every political faith. I think I could even say that.

MR. TAYLOR: But if it did meet that, Mr. Chairman, would there be any objections to members of the inland terminal group sitting in?

MR. NOTLEY: I don't think there would be. As a matter of fact I think that with the predicament we've got in Alberta this fall, this committee, with a heritage subcommittee taking some time to have people from the inland terminal group and this other group and maybe some people from the elevator companies -- I think what we're talking about is important enough that we could go out and spend a couple of hours with them at grain handling, and some of the proposals . . .

MR. CHAIRMAN: Mr. Peacock.

MR. PEACOCK: While I concur with what Mr. Notley's saying, that this is a very prime time in Alberta for the producer of, in particular, grain, and the wet season we've had, I'd also draw to the attention of this standing committee, for their edification, that they might review what the grains council is reviewing with all the constituents of grain handling people -- that's the elevator, the terminal people, the railroads, et cetera -- in Calgary, so that we might have a broader understanding of what's actually taking place in the grains industry, of how to handle the grains more effectively, more efficiently, and under such trying conditions as we're experiencing in northern Alberta, particularly this year. And this isn't just an isolated case for Alberta. It has been going on and there have been considerable

studies done in this area by all the constituents in grain, and it isn't a simple problem of just drying grain. I'm sure we're all aware of that.

MR. NOTLEY: No, I think that's fair enough, Fred. I certainly concur with that. And as a matter of fact, I think it's sufficiently important. We're going down to Airdrie to look at the mobile home park, and that's fair and reasonable, but we're looking at literally millions of acres where we have a lot of people and one heck of a lot of trouble. And for this committee to take the time -- we can do it during the session without any inconvenience to any of us -- would in my judgment be a very wise move.

MR. CHAIRMAN: Well this is, I take it, a debate on the table, a motion, in effect, but there is a fair consensus, I gather, to hold the motion for further consideration by the committee. Is that . . . (interjections) I don't want to put words in your mouth.

MR. SHABEN: Just one question to Mr. Notley. Do I gather from that that though you're tabling your recommendation, it's a rather narrow recommendation in that it's limited to recommending the construction of the prototype? Does that mean that it's the intention to bring forward an amended recommendation?

MR. NOTLEY: Yes.

MR. SHABEN: I'm having a little trouble in how we're going to deal with the recommendation.

MR. NOTLEY: The recommendation is to establish a prototype which I think should meet the conditions of the capital fund. But my reason for not moving that is that I don't honestly think the committee can move on a recommendation such as that without having an opportunity of hearing the proponents. But it seems to me that there's a larger question. And just having the one group in -- I would be very pleased if we could have them come because I think you would be impressed with the work. But I agree with Fred's comment, and therefore it seems to me that we should take the time to (meet) representatives from other groups, inland terminal people Mr. Taylor talked about, the grains council, and let's take an evening during the session. That would be my proposal. Now I know I can't make that in the tabling resolution, but that's what I would like to see our committee do, Mr. Chairman.

MR. CHAIRMAN: That could be discussed . . .

MR. NOTLEY: So perhaps I can withdraw the resolution, instead of tabling it just withdraw. Well, no . . .

MR. CHAIRMAN: Just hold it.

MR. NOTLEY: Just hold it for the time being, and could I, with a slight bending of the rules of order, move that we ask the Chairman to undertake the organization of a meeting during the session, at some appropriate time, to contact Peace Agra, which would be one, and the grains council and the inland terminal association . . .

NON. MEMBERS: Agreed.

MR. NOTLEY: That is the motion.

MR. CHAIRMAN: I suppose we should have a seconder for that, shouldn't we?

MR. TAYLOR: I'll second that.

MR. CHAIRMAN: Mr. Taylor.

Motion carried

MR. SHABEN: Mr. Chairman, I'd like to propose that the Minister of Agriculture be invited to sit in.

MR. NOTLEY: Fine. And the Minister of Transportation.

MR. CHAIRMAN: On this point, I think we are departing somewhat from the procedure that we had adopted previously in these hearings, and that is to hold the hearings, bring matters before the committee while it is meeting, and to consider recommendations. Now we're opening up a new area where we may be, in fact, conducting further hearings. I'd like it just noted that this may create some difficulties for the operations of the committee, but under the circumstances you seem to have the consensus of the committee to meet the problems we're facing this particular year.

MR. CHAIRMAN: Could we move on to No. 7? Mr. Notley.

MR. NOTLEY: Mr. Chairman, Recommendation No. 7: "That consideration be given to expanding the level of investment allocated to agricultural research."

At the present time we have under the capital projects \$10 million over the next five years. The bulk of this research tends to be relatively narrowly allocated in order to fund varieties and what have you, but I personally would like to see us move somewhat further afield to add to agricultural research not the sort of things that are normally funded from traditional agricultural research, be it both federal or provincial, but such things as better marketing facilities, better transportation facilities, and that kind of thing as well.

So I feel that within the present perimeters of the \$10 million five-year program, it wouldn't be possible to go as far as I, at least for one, would like us to see us go. I think we need more latitude.

MR. CHAIRMAN: Any comments, questions? Mr. Shaben.

MR. SHABEN: Mr. Chairman, I find it difficult to sort of have a judgment on this particular recommendation, since in the report we're dealing with there has been no expenditure on agricultural research. And I'm sure in the next year's report it will show up. So I'm not fully certain as to what the money is being expended upon at the moment. But I don't see any difficulty since it's asking for consideration, but that consideration really can't be taken, in my mind, until I know what's being done and accomplished. That's why, Mr. Chairman, I have a little bit of a problem with the recommendation.

MR. NOTLEY: Mr. Chairman, if I could just answer. The basis for this resolution really came out of the discussion of the estimates last spring, when we were discussing the estimates. The \$10 million five-year program is

an excellent program as far as it goes, but it is essentially a fairly narrowly confined program. And I suppose it really is a question of how far you want to go, and what direction of agricultural research. I think the work that will be done under the present program will be extremely useful, but it doesn't really allow us to get into some of the other areas it seems to me we have to look at. It's fine to improve plant variety, new types of grain that may become mature earlier, that sort of thing, but there's the other side of it: how efficient is our delivery system; how efficient is our marketing system? There are some of these aspects of research that apply to agriculture, or apply to the economic side of agriculture, that I think are legitimate areas of research expenditure or research investment in the long term.

MR. CHAIRMAN: Mr. Shaben.

MR. SHABEN: Mr. Chairman, just an additional comment to what I made earlier. My understanding is that the Minister of Agriculture has established a committee, including farmers, which is giving advice on the expenditure of the funds. And again, I would repeat, because we don't have any handle on the recommendations that have been made by the committee, nor the direction that the research funds are going, although the recommendation is well intentioned, I think it's premature.

MR. PEACOCK: Mr. Chairman, this is where I have one hell of a time as a committee man to understand what's political and what's not political. If I speak against agriculture, then the farmer thinks that I'm speaking against him. That isn't the point. To make a general statement that we should research agriculture, we're all in favor of that. To start talking about how the handling facilities and researching specifics in agriculture, it's already in place.

I think that, Mr. Chairman, if the conversation around this table is going to be meaningful in what we're talking about research, we should be saying in a motherhood statement that the heritage fund is available for a response to legitimate research in renewable resources, regardless. And that goes for agriculture, animal husbandry, or anything else.

But the problem that I have in voting on these kinds of recommendations is that we're opening the door for this mass of people out here to put research on research; never a closed door, never a sunset to it. Those who have had something to do with research, whether it be in government or whether it be in the private sector, know that there's a difference between applied research and what we call this general term "research", without definition, modification, or limitation.

And so, Mr. Chairman, I would say in my concluding comments that the heritage fund certainly -- and we all recognize that an intelligence library of what research has gone on in the world or is going on in the world in those areas that are indigenous to those things that we build in Alberta. But we've got to know what's going on, so we're not duplicating. We should be addressing ourselves not in general terms to research, but to responding to renewal resource research in specific cases, and that certainly the heritage fund standing committee will recommend and respond to those situations. So I would have to oppose that in general terms.

MR. CHAIRMAN: Coffee has arrived. Do you think we can conclude the debate on this motion before proceeding to have it, or do you wish to carry on the debate?

MR. CLARK: I suggest we have the coffee.

MR. CHAIRMAN: Just before we do that, I wish to advise that there is an Airdrie Restaurant and it is located at 404 Main Street, Airdrie.

MR. CHAIRMAN: Well, are we ready to go? Gentlemen, if we could get back.

It was been suggested during the break that we might conclude our meeting for today at 4:15 in order to accommodate some of the members who wish to leave. Is that satisfactory to you all?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Very well. We were discussing this general question, I think, of research to agriculture. Mr. Peacock had spoken. Where are we now on this debate, gentlemen?

MR. MUSGREAVE: Mr. Chairman, could I ask a question? If I understood the comments that Mr. Peacock made, I would almost think he was directing them at both recommendations 7 and 8, that they almost should be one motion. Is that . . .

MR. PEACOCK: Yes.

MR. CHAIRMAN: I think if we have one motion on the floor at a time -- perhaps we'd better proceed on that basis.

MR. TAYLOR: Mr. Chairman, the way I feel, I rather favor the wording of this resolution, because agriculture is a basic industry in this province and is going to be for a long time. I can't see anything wrong with setting out agriculture in a place of its own, in a niche of its own. But the thing that bothers me a little bit is that 6 and 7 seem to be very close together. I realize that the methods we're using to handle grain now are just about same as they were 30, 40 years ago in this province. The old elevator system hasn't changed very much. There's been no technology that's (inaudible) expand the way it should have to meet modern needs. We just have to look at some of the elevators in the States to see how they handle grain compared to what we're doing in this country.

I rather think 6 and 7 overlap to some degree. But I would really like to see Nos. 6 and 7 both held until after these meetings. I think that would be a very excellent thing because they tie together so closely.

MR. CHAIRMAN: Well now we have a new development.

MR. NOTLEY: As the mover, I think that's fair enough. We are going to have this meeting. If that's agreeable to other members of the committee, they do flow one into the other. If it would facilitate the procedure, Mr. Chairman, I would ask permission to withdraw No. 7 pending the committee meeting, and will introduce it again.

MR. CHAIRMAN: Is that acceptable to the members of the committee?

MR. TAYLOR: I'd much rather like to see it held, because I think a lot of the discussion with these men who will come in will involve grain handling. So I'd really like to see it held the same as No. 6.

MR. CHAIRMAN: Is that your intent, Mr. Notley, basically?

MR. NOTLEY: Yes.

MR. CHAIRMAN: Is everyone agreed to that?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Thank you.
Number 8.

MR. NOTLEY: Mr. Chairman,

That consideration be given to investment in intensified research and development activities outside the petroleum industry with particular emphasis on:

- a) the development of a research and development industry in Alberta,
- b) the development of appropriate scale technology for Alberta conditions and markets,
- c) the development of domestic control over patents and licences.

Mr. Chairman, just very briefly, the emphasis here in Resolution No. 14 -- and in a sense it flows into Recommendation No. 15 as well -- is that we should be placing more emphasis than we have on developing within our own province R and D capacity in Alberta. In a sense we're beginning to do this with the AOSTRA program, but this would be moving not only in the petroleum oil sands field, but in areas outside the petroleum industry. The forest industry is an obvious example of one area look at.

The development of appropriate scale technology for Alberta conditions and markets: I think that's an obvious area that we'll have to examine if the province is going to be successful in any kind of diversification.

Patents and licences: again, this flows into the same sort of thing that we're doing already in a sense now with the AOSTRA program.

MR. CHAIRMAN: Mr. Peacock.

MR. PEACOCK: Well, this is another one of those areas that we are already involved in and involved very extensively. I think we should be responding on the shortfall of what they are. We're talking as if this is something that we're going to initiate. The Research Council in the province of Alberta is already highly involved in development of research in secondary industries and alternatives to the non-renewable resource industries. The private sector in sulphur and in coal, sponsored jointly with the government, has already moved in that area and has highly specialized in the expertise -- tops in their specific fields. I find it very difficult, you know, making motherhood statements of this nature without in total saying that the heritage fund standing committee is in favor of responding to research programs without a specific nature. These are already in place and until we get

that kind of request -- I suppose I'm having difficulty because I don't know why it's here in this kind of form. I'm not aware that industry and the Research Council have found inadequacy in funding that require penetration to the heritage fund for this motion of Mr. Notley's.

So I just have to say, as I have said to his motion on 6 and 7, I'm certainly in favor of applied research and funding of it, but I think it should be of specific response.

MR. CHAIRMAN: Dr. Backus.

DR. BACKUS: Yes, I agree with Mr. Peacock here that this is an activity that's already being carried on by the Research Council. Although one might find specific directions in which maybe they are not carrying out research, we have a body that is doing this sort of work. Suddenly we're proposing using the fund to intensify this activity. I think they're working as intensely as they can. This seems to be something that's already being done. Rather than adding further to the work that's being done here, I think it's being done as intensely as can be done.

MR. CHAIRMAN: Mr. Clark.

MR. CLARK: Mr. Chairman, I think that we've now looked at a sizable number of recommendations here dealing with research, and I plan to move that No. 10 be held until we've had a chance to look at our recommendations dealing with reorganization of the heritage fund itself. I think the reason these kinds of recommendations have come forward is that wasn't it two years ago that we were promised an overall policy paper on science policy, research policy, in Alberta? That hasn't been forthcoming.

Now, I agree with much of what Mr. Peacock says about the work done at the Research Council and so on. Frankly, I'd be far more enthused, though, as far as these recommendations are concerned, if the committee was considering saying to the government, look, set aside \$25 million, \$50 million from the heritage fund and use the interest from that yearly to look at this whole question of a co-ordinated research approach as far as moving Alberta from the particular stage we're in now to broadening our economic base in this province for what we're going to be like 15, 20 years down the road. I'd never want to talk in terms of the re-institution of the Human Resources Research Council, but it seems to me that's really what we're talking about -- something like that on a co-ordinated overall research base. No one in their right mind can vote against Mr. Notley's recommendations from the standpoint of looking at the future of Alberta. But I think these recommendations come forward and they find some support because we haven't come along with that overall co-ordinated science or research policy that we were promised some two years ago. You know, maybe one of the recommendations that should come out of this committee is that we should twig the government's mind that that was promised two years ago, and we still haven't got it. If there was a need for it two years ago, and there was, we're even in a far worse situation today.

I might take the opportunity of serving notice to the committee that perhaps we should put on our agenda, Mr. Chairman, a discussion of the idea of an overall research policy for Alberta, properly funded out of

the heritage savings trust fund, using the interest from that in a revolving basis. I'd like to file the caveat "from the Alberta investment division" of the fund. It would be a very legitimate call on funds as far as I'm concerned. No one can argue against what Mr. Notley has said, that it isn't desirable. But, doggone it, we should be doing this on a co-ordinated basis, as I see it. But the government is really getting what it deserves, having been two years late in coming up with a science policy in this area.

MR. CHAIRMAN: Any further comment? Mr. Notley to conclude the debate on this, or do you wish to . . .

MR. NOTLEY: Could I really suggest that what we have here, are recommendations 14, 15, and 16 which, in a sense, are all related. I think that Mr. Clark's point is well taken, because all three of them in a sense would come under a co-ordinated research push. There's no question that the Research Council -- and there's certainly no implied criticism in this resolution about the Research Council. They are doing a good job. But the Research Council would be the very first people to say that they are not capable of doing all the applied research in the area here that we're talking about: to move from an economy that is primarily dependent on non-renewable resources to a more balanced type of economic structure. And so perhaps what we should do is look at all three of these recommendations, Mr. Chairman, if we can, and ask that maybe you as Chairman, or someone, could redraft a composite resolution to deal with the three that would touch upon the need for an overall co-ordinated science and research policy in this province, properly funded as an investment from the heritage trust fund.

MR. CLARK: I'd be quite prepared to agree with that.

MR. CHAIRMAN: Touching on that, since these recommendations by and large are made by Mr. Clark and Mr. Speaker together, referring to Recommendation No. 10, although it has been referred to as No. 16 -- and I think we're getting confused on those numberings. That may be a possibility but it would require the leave of the committee to have them withdrawn and resubmitted in a different form. Would that be acceptable, Mr. Peacock? Do you wish to comment on that?

MR. PEACOCK: Yes, just as a way of perhaps direction and information for those who are redrafting that, I would hope that when they come with that recommendation they bear in mind two things: first of all, the point that I was attempting to make that a blanket position of committing the heritage fund to an overall open-ended research program is a dangerous practice; number two, that there are a lot of programs in place in Alberta that maybe they're not familiar with, such as helium Alberta, such as the sulphur industry, such as the coal industry, such as the Research Council in part, such as the universities in part, such as the engineering departments at the universities, and other organizations far too numerous to mention that are already carrying on applied research in the province of Alberta under a program. But I would suggest, as Mr. Clark is saying, that perhaps a science and research policy so that we have some kind of an intelligence library of what's in place would be of benefit to this committee.

MR. CHAIRMAN: Mr. Clark.

MR. CLARK: That's the very point I'm going to make, that no one has a handle on what's going on, on an overall basis.

MR. CHAIRMAN: Mr. Shaben.

MR. SHABEN: Mr. Chairman, because of the comments in the debate that I've heard on the matters related to research, it would be useful, I think, for maybe three of the committee members to get together. I'm suggesting that Mr. Peacock, Mr. Clark, and Mr. Notley get together to . . .

MR. PEACOCK: That's a great bunch!

MR. NOTLEY: No minority reports!

MR. CHAIRMAN: That's certainly approached in the spirit of non-partisanship.

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Very well. I think that takes in resolutions 8, 9, and 10 for further consideration.

Going on now to what is entitled "Similar Resolutions" on page 3 of this document. The first group is related to forestry. One of those was put forward by Mr. Appleby, who is presently hospitalized, and one by Mr. Shaben. They were categorized as "similar". I don't know whether or not you would wish to entertain debate on them with Mr. Appleby not being present today.

MR. MUSGREAVE: Could we not hold them, Mr. Chairman?

MR. CHAIRMAN: Those could be held, if that's the wish of the committee.

SOME HON. MEMBERS: Agreed.

MR. CLARK: Mr. Chairman, not that I want to break this spirit of total co-operativeness that we've had, in this last five minutes anyway, but when I look at Mr. Appleby's recommendation, it's concise, well thought out -- it looks to me almost like a recommendation that the Alberta forest service couldn't get included in their regular budget, so are trying an end run here. With the greatest of respect, I suggest to members that they keep this very much in mind. My colleague here who has been in the cabinet knows exactly how the process works. You know, hallelujah, if we're not doing these kinds of things with the forestry budget now . . .

MR. NOTLEY: That's true.

MR. CLARK: . . .then, by gosh, we'd better spend a week with the forestry people and see what we're doing. I just lay that on the table for members to think in terms of when we get to this issue.

MR. CHAIRMAN: Perhaps you might wish to ask that question of Mr. Appleby when he returns to our committee.

MR. SHABEN: If the question is asked of me, as it relates to my . . .

MR. CLARK: No. It was Mr. Appleby's, Larry. I haven't had a chance to read yours yet.

MR. CHAIRMAN: It is agreed to hold until the committee member returns.
Highway construction: once again we're in a position where I can't comment on one of these resolutions that I have put forward myself. I guess that puts us in the position, then, of . . .

MR. MUSGREAVE: Mr. Chairman, do you want to hold this?

MR. PEACOCK: I would like to speak on your motion for you.

MR. MUSGREAVE: Would you like it to be passed, or would you like it held in case it doesn't get passed?

MR. SHABEN: Mr. Chairman, I don't see any difficulty in dealing with it if the members of the committee are prepared to allow the chairman to participate, because it was a similar subject to one that was raised in our recommendations last year.

MR. NOTLEY: I think that's fine.

MR. TAYLOR: Mr. Chairman, in fairness I think we should hold it until you are not in the Chair.

MR. CHAIRMAN: I would be happier to do that, I think.

MR. PEACOCK: I'd be kind of interested in hearing Gordon's comments after having served as Minister of Highways for 10 years.

MR. CHAIRMAN: That moves us on to the Canada investment division, a recommendation by Mr. Notley, the only one specifically dealing with this, other than policy matters which are raised, I think, in the other resolutions.

MR. TAYLOR: Does Mr. Notley have any comments on it?

MR. NOTLEY: I guess I should move it then.

That greater attention be applied to placing longer term loans with other Canadian provinces from the Canada Investment Division.
The basic thrust behind this recommendation is twofold: that we should try to shift our investment where we can to longer term. But the other thing that struck me with the statement that the Premier made -- I had begun to think that maybe we should be looking at a totally different kind of investment from the Canada investment division, that we'd only invest in utilities and gilt-edged securities in other provinces. But although the Premier does not often sway me with his arguments, I think that he made a fairly valid point the other day, that essentially it's up to the other provinces what they do with the money that we invest there, and our major concern should be to make sure

that we get a reasonable return and that the security is there and not to decide whether it goes into utilities, or into housing, or some kind of priority that we're trying to say to the people of Newfoundland, New Brunswick, Nova Scotia, Saskatchewan, or whatever the case may be -- as a matter of fact one might even want to loan money to the Saskatchewan government for their potash program; You never can tell.

MR. CLARK: Let's not destroy that committee before it first meets.

MR. NOTLEY: The point is that the investment division should in fact be made to the provinces and then it's up to them as to what they do with that money that we've loaned them.

MR. TAYLOR: What does "longer term" mean? Longer than 20 years?

MR. NOTLEY: No, my meaning of "longer term" applies to the total securities in the heritage trust fund where we have so much of it in short term.

MR. KROEGER: As opposed to 90-day bonds.

MR. NOTLEY: As opposed to 90-day bonds, Gordon. It's rather clumsily worded here. I was re-reading it when I began to move it. The emphasis is not to make it a 40-year term or something of that nature but just to make sure we begin to move out of the -- as much as we have of our securities in less than a year term.

MR. PLANCHE: Well, Mr. Chairman, one of the dangers of this now is that if the federal government follows true to form, they'll raise the Bank of Canada rate again. When they raise the Bank of Canada rate the face value of these bonds on the market will drop. Then when we sit down here next year to review it, you're going to say again we have a horrible loss on our bonds, because they're listed on the balance sheet at the lower of cost or market. So on the one hand you're saying we should do it, and on the other hand you're saying we shouldn't do it. I have some trouble with that.

MR. NOTLEY: No, no, I'm saying that you're going to have a gain or a loss every year in any event. I raised the \$8.8 million . . .

MR. PLANCHE: Except the bonds weren't sold. In effect you don't have a loss until the sale is made. But good accounting practice requires that you're at the lower of cost or market on your balance sheet. And if these fools in Ottawa continue this practice of raising their interest rates, then your bonds are going to be discounted on the market.

MR. NOTLEY: That's true. But there's no way we can make any investment to another province in any other . . . The choice really isn't whether we're going to invest 30-day, 60-day, or 90-day loans to other provinces. We're going to be into long term in any event.

MR. PLANCHE: Mr. Chairman, the point has to be that on the one hand you're going to respond to a balance sheet and on the other hand you are not. In these days of uncertain rates, as I understand it, you're going to see discounted bond prices on longer instruments, where your short-term instruments are going to be pretty reflective of the current market

conditions. And I only make the point because it was in the newspapers the other day that the member, with great respect, wasn't happy with the way the thing had settled out in this particular area.

MR. CHAIRMAN: Having made your point, the item under discussion is that "greater attention" be applied -- and so on. Does anyone wish to comment on this further?

Mr. Clark.

MR. CLARK: Yes, Mr. Chairman. I have no problem with supporting the recommendation, but I think I should make the point here that I would far prefer us seeing a system where this committee makes some recommendation to the government with regard to the kind of preference that we see in loans. I'd like to see what I refer to as a most preferred rate, which would be for individuals, agricultural enterprises, co-operative enterprises, small business, and Alberta municipalities. When I say a preferred rate I'm thinking in terms of a lower rate. Then a -- if you want to call it, and we do in our information before the committee -- rate of middle preference: loans for debt capital to corporations and utilities in Alberta. And thirdly, this area of loans outside the province, and I would see those being at the least preferred rates.

The reason I say that, Mr. Chairman, is that we've talked in terms of the investments to date. We've found in the course of the committee that there's really little or any rhyme or reason with regard to the interest rates that are being charged and agreed to. We find, for example, that in the airport program, Mr. Chairman, which you're very interested in, we in fact have lent money to the federal government at no interest until 1982, haven't we? At the same time, I've got young farmers in my riding today who are paying 11.75 per cent for Ag. Development Corporation loans. I have a deuce of a time convincing those people that that's legitimate.

We look at some of the loans that are being paid through Alberta Housing Corporation and the Home Mortgage Corporation programs, and we reflect back to this lending outside of the province again -- what is it, 9.5 to Newfoundland, or is it 9.5 to New Brunswick?

MR. NOTLEY: Ten point something.

MR. CLARK: Okay. The point I want to make is there has to be some rationalization, I think, albeit given the uncertainties of the investment situation today. But really what this committee, I think, should be saying is, there's got to be some preference given to Albertans, individual Albertans first and corporations in Alberta second and investments outside the province third. Once again, that's one of the recommendations that we propose to make in the course of the procedural question, Mr. Chairman. But I do want to make the point in the course of the discussion here: no problem with investment outside the province, as long as we recognize we've got to give priority to Albertans first.

MR. CHAIRMAN: We are, if I may say so, straying a little away from this . . .

MR. CLARK: I don't think so.

MR. CHAIRMAN: . . . particular debate. This relates to the question of the Canada investment division, the one specific recommendation on the Canada

investment division, which is a separate division of the fund than the Alberta investment division, which you've referred to in your comments, and which is the subject of your further recommendations later on. So I would really like to restrict the debate to this particular motion, if we could, in order to conclude at least these (inaudible) this afternoon.

Now I have the number of speakers: Mr. Taylor, Mr. Musgreave . . .

MR. TAYLOR: Mr. Chairman, I support the spirit of this recommendation, mainly as opposed to the narrow provincialism. We're trying to help provinces to help themselves, and I think that's a legitimate item under the Canada investment division and that's the only division under which this type of thing could be done, to help other provincial governments or other governments within our Confederation.

My difficulty with it is, I think it's misleading. Because I don't think we've made any 90-day loans or short-term loans to any other province. I believe there have only been two made, and I think they're both 20 years or more. So when we say that greater attention be applied to placing longer term loans with other provinces, immediately you say, well, have they been placing short-term loans with the other provinces? And the answer is no. So I think the resolution is a little misleading, the way it's worded. And even if we put in that greater attention be applied to placing longer term loans as opposed to short-term loans, or 90-day loans, with other Canadian provinces, again it is misleading because we haven't made any short-term loans to other provinces.

MR. CHAIRMAN: Mr. Musgreave.

MR. MUSGREAVE: Mr. Taylor has in effect made my point, Mr. Chairman.

MR. CHAIRMAN: Dr. Backus.

DR. BACKUS: My only feeling is that although this is certainly a good recommendation, it's already been done. I can't see the point if, as Mr. Notley says, he doesn't really mean longer term loans than we're already making, then the only really active part in this thing is "greater attention", and I'm just wondering how he expects greater attention. Does he mean the government should be out sort of knocking on the doors of the various provinces and sort of begging them to borrow money from them? If that is what he really means by it, then I can't support the recommendation. All the provinces and the federal government are very aware of the fact that there is money in the Canada investment division and it's there to be borrowed if they want to come and borrow it. I just can't see the point in that recommendation at all. If he means longer term loans than we're doing already, which he said he doesn't, then there's no (inaudible). If he means greater attention be applied -- if he means that it's going to be publicized more or something like that, I can't see the need for that. If he means that we handle them more rapidly, well then maybe something specific ought to be made in that, but it's a bit like saying, it's a nice day. It really doesn't have much significance as a recommendation to the investment committee, that they do what they're already doing, unless we sort of say we support what you're already doing.

MR. CHAIRMAN: Any further comments? Mr. Notley, do you wish to conclude the debate?

MR. NOTLEY: There are probably three things in this resolution. The first is in reference to longer term and, quite frankly, when I read the thing over . .

MR. PEACOCKE: You wish you hadn't said it.

MR. NOTLEY: . . . I think it somehow got muddled up a bit. There are really three things here that we wanted to say.

First of all, the first concept was that investments that will be made from the Canadian development division, Canada investment division, should be to the provinces as opposed to picking and choosing within the province. I think that's the first concept.

The second concept is really that we should be shifting our portfolio of investments generally to longer term as opposed to short term. And I realize that there are going to be some implications, but I don't see how we can get into short term investments with other provinces. I just think that that's, you know, not a very realistic proposition.

The third thing with respect to "greater attention" really referred, Dr. Backus, not to the two loans that we have made, but to the fact that we have loaned a total of \$97 million out of approximately \$500 million that we could loan. That's about 19 per cent of what we could loan; essentially we have authorization to invest up to 15 per cent of the fund. I am surprised, quite frankly, that there has not been more interest shown, and that only 19 per cent of the Canadian investment division has been invested to date.

So basically those are the three things: that we move to a greater percentage of the potential; secondly, we have to shift our portfolios to longer term; thirdly, that we don't try to tell other provinces how to invest the money that we loan to them.

MR. CHAIRMAN: Mr. Shaben has a question.

MR. SHABEN: I'm prepared to propose an amendment that the word "greater" be replaced by "continued", and the word "longer" be changed to "long". And the recommendation would read:

That continued attention be applied to placing long term loans with other Canadian provinces from the Canada Investment Division.

MR. CHAIRMAN: Does everyone understand the amendment?

MR. CLARK: No. What does it really say?

MR. CHAIRMAN: Mr. Shaben.

MR. SHABEN: It's saying what Mr. Notley said but didn't write in the motion.

MR. MUSGREAVE: It's telling them to do their job better.

MR. CLARK: I thought you talked about "continuing attention", and it seems to me that we've lent what, I think the figure is 18 or 19 per cent . . .

MR. NOTLEY: Nineteen per cent, yes.

MR. CLARK: That's hardly "continuing attention".

DR. BACKUS: But when you loan money, do you . . .

MR. SHABEN: If I don't have a seconder, I'm sure it will just die.

MR. TAYLOR: I have difficulty in seeing all those things. All of the things he mentioned I'm in favor of, but really when you read the resolution you couldn't read all those things into it.

MR. CLARK: How about going back and doing a re-drafting job.

MR. NOTLEY: Exactly. I've been a little hesitant since moving the thing, quite frankly, because the three basic things I wanted to say are not said very well in the resolution. Basically those are the three things. But I suspect I have a consensus of the committee that we really should be doing a little better than 19 per cent, albeit we're not going to go out and try to get up to \$500 million for the sake of \$500 million, Dr. Backus. But on the other hand, \$97 million out of \$500 million is, you know, we can still do somewhat more. Secondly, we should be talking about long-term, and thirdly we shouldn't be telling other provinces what we're going to do. That does say something. It says that we're not going to say to Nova Scotia, look, we'll only invest money there if you put in tidal power, or something of that nature. It's not our business.

So certainly I think that I would withdraw, if I can, Mr. Chairman, the resolution and resubmit it to say those three things.

MR. CHAIRMAN: Well, Mr. Notley, we've had a very interesting debate on the subject and perhaps a consensus or agreement might be reached on the three points that you made at this meeting, bending the rules in view of the late hour and so on to avoid the necessity of bringing it back before us again. If it's fair to the members of the committee perhaps we could deal with a three-point motion and deal with each point separately perhaps, number one being that we approve of long term loans to other provinces, and that we don't tell them what to do with the money. Is that fair?

MR. MUSGREAVE: On that point then, Mr. Chairman, we're not telling them now, are we?

MR. PEACOCK: No.

MR. MUSGREAVE: Then why . . .

MR. NOTLEY: No, but it's nice to reiterate things -- re-affirmation by this committee because there has been some discussion that we should be investing in other types of things. What we're saying here is that, no we aren't; we shouldn't be doing that. So there is a re-affirmation of the position.

MR. CHAIRMAN: Does anybody disagree with that point? MR. TAYLOR: I'd prefer Mr. Notley bring back the re-worded version of this.

MR. MUSGREAVE: I think I would, too, Mr. Chairman.

MR. CHAIRMAN: If you want to debate it all over again, then fine.

SOME HON. MEMBERS: Agreed.

MR. SHABEN: Can all members now take all the resolutions that they've brought forward, take them back home and re-word them?

MR. MUSGREAVE: Only if the committee agrees.

MR. CHAIRMAN: Well, that's a danger of course.

MR. TAYLOR: The other way is to defeat it the way it's worded now.

MR. CLARK: Any member can re-submit a recommendation.

MR. PEACOCK: Politically you wouldn't want to defeat it, would you?

MR. MUSGREAVE: Mr. Chairman, I'd like to move that we hold the resolution until such time as Mr. Notley comes back with a revised one.

MR. CHAIRMAN: Is there agreement on that?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Since we only have three minutes remaining before our agreed adjournment time, perhaps we could adjourn at this point. Is there any question before we do, however, that anyone wishes to raise about tomorrow's itinerary, or any question as to where the Airdrie Restaurant is?

The meeting adjourned at 4:10 p.m.