

Standing Committee on The Alberta Heritage Savings Trust Fund Act

Wednesday, September 12, 1979

Chairman: Mr. Payne

9:00 a.m.

MR. CHAIRMAN: I apologize for the tardy commencement today. Just a number of minutes to sign, and copies of these will be forwarded to you shortly.

I'd like to bring to order this meeting of the Select Committee on the Alberta Heritage Savings Trust Fund Act. In particular, I'd like to welcome Mr. R. Speaker here for the first time. I'd like also to welcome the Minister of Hospitals and Medical Care, Mr. Russell.

MR. R. CLARK: For the first time.

MR. CHAIRMAN: For the first time. Mr. Russell, perhaps it might be appropriate for you to introduce the members of your department who are with us today.

MR. RUSSELL: Thank you, Mr. Chairman. I have with me Gary Chatfield, the deputy minister; Mr. Beck and Mr. Brandell, our financial brains in the department; and Helene Donahue, who has the special assignment of managing the applied research programs under the heritage fund.

MR. CHAIRMAN: Thank you. If I could just make a comment for the benefit of the committee, there are a number of administrative and other matters for us to discuss. I think it would probably be appropriate for us to deal with those after we've concluded our time with Mr. Russell and his departmental officials.

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Good. Then, Mr. Russell, if you would be good enough to make some opening remarks relative to the expenditures made by your department associated with the Heritage Savings Trust Fund, and then I'm sure the members of the committee will wish to take advantage of the opportunity to direct questions to you and through you to your officials.

MR. RUSSELL: Thank you, Mr. Chairman. The department has responsibility for managing five projects under the capital division of the Heritage Savings Trust Fund Act. Three of them are buildings: the children's hospital and school in the city of Calgary, the southern Alberta cancer and auxiliary services centre attached to the Foothills Hospital adjacent to the University of Calgary campus, and of course the Health Sciences Centre here on the University of Alberta campus. I think it's fair to say at this time that those three projects are all running extremely well. Aside from a slight slippage in estimated completion time due to bad weather and the labor strikes

of last summer, that is a year ago, everything appears to be going ahead very straightforwardly.

We have implementation committees for the two hospital projects; that is, the Foothills and the University. Those two committees are doing a very excellent job, I think, in controlling costs, watching the tenders that are coming up, and simply managing the project extremely well. I can report that, after allowances are made for the inflation factors that all departments now have to apply to capital projects, those two very large projects are coming in in the neighborhood of 1 per cent within the costs estimated at the time they were approved. Looking at the complexity of those projects, I think that's really a job of good management on the part of those committees and the boards of those hospitals.

The other two programs, the applied research programs, by their very nature have been more difficult to start up. I can report now, though, that in their third year they are both running smoothly and well. Again, we have on the cancer side the Provincial Cancer Hospitals Board doing a fine job through their research committee and their grants advisory committee of calling for competition for projects, adjudicating them, making recommendations to the department. We respond to them and after that point the programs are implemented. From all the information given to me, those programs are running extremely well. The same thing applies to the heart programs. We go on a competition basis, and different doctors or groups of doctors within various various institutions in the province apply for approval of their projects and go through roughly the same process. Again that one, by its nature, was slower in starting. If members will recall, in the first year of that program there was virtually no money invested in those, but the second and third years have been much better. I think I can report that they are also running well.

I guess I could say that I'm quite pleased, Mr. Chairman, with the way those five projects are going, and the base they will provide for the proposed \$300 million medical research endowment fund that will be placed before the members in the coming fall session. In the short time I've held this office it's evident that, certainly on a national scale, we're creating an atmosphere and the supporting facilities and foundation for the medical and related sciences and the research programs that go with them that is truly the envy of a lot of the rest of the country and will have benefits for all Canadians, not just for Albertans. So I guess I'm doing some trumpeting of good news about those projects. But I think it's worth while to do that, to point out to the rest of the country that these heritage funds are often being invested in ways that will benefit all Canadians. I did want to make that point.

Other than that, I can't think of any other comments I should make by way of general introductory comments. We'll be glad to take any questions and do our best to answer them. The most recent three reports, I think, have been or are now being distributed to the committee: the last annual report of the Foothills Hospital, the last annual report of the project for the health sciences centre, and the Provincial Cancer Hospitals Board.

MR. CHAIRMAN: Thank you, Mr. Russell. Mr. Notley, please.

MR. NOTLEY: Mr. Minister, I wonder if we could just start out by getting the estimates for each of the five projects, because as I read through the report here we've got 1977 dollars and 1978 dollars. What I would like is the estimates now as to what it will finally cost for each of these projects, one by one.

MR. RUSSELL: I'll go through them one at a time. The estimate for the children's, including the inflation escalation, is now \$31,039,073 in current dollars. That includes provision for additional space which was approved following the end of the fiscal year we're studying--it was just done in July--of \$1.3 million, which is a small amount of future shelled-in space that we approved while the contractor was on site. So that figure includes that \$1.3 million. Mr. Notley, if you want to compare the costs of the project without that addition, that figure is roughly \$29.7 million.

MR. R. CLARK: Mr. Chairman, could I just ask the minister when he's giving us these figures if he could also go back and give us the original figure when the project was announced, so we can get an indication of what was initially announced and what the final figure is going to be.

MR. RUSSELL: I'm told that that one, the children's hospital, was a fixed-price contract, so that there are no escalation factors in there with respect to inflation as a result of project management.

MR. R. CLARK: Mr. Chairman, to the minister. So from that statement, when the project was announced in the Assembly to go ahead, I suspect a price tag was put on it. You're telling me the price tag was \$29 million. Is that . . .

MR. RUSSELL: No, Mr. Clark, the \$29.7 million price was a tender price.

MR. R. CLARK: What I'm interested in, Mr. Chairman, is: when the project was announced, what kind of price tag did we put on it at that time?

MR. RUSSELL: I'm going by memory, but somebody can quickly check it. I think it was announced as a \$28-million project, if I remember correctly. But we'll get that figure for you in a moment. The \$29.7 is the actual tender price.

MR. NOTLEY: I might just point out that that figure of \$29.7 was given to us last year. So it hasn't changed dramatically.

MR. RUSSELL: No, that was a fixed contract price. So other than a few extras it shouldn't change.

Mr. Beck advises me that going back four or five years ago, when they first started talking about the project with the board chairman, it was envisaged as a \$25-million project. Later, as prices were updated, that figure became \$28 million when they were in the sketch-plan stage, and then \$29.7 when it was tendered.

MR. NOTLEY: Can we go on with the other projects?

MR. RUSSELL: Oh yes. The other projects are the ones whose costs are being re-evaluated as a result of inflation, because they are under project management and so work is continually being done and tenders let while the projects are under construction. The latest cost of the project -- I'm on phase 1 of the University of Alberta Walter MacKenzie Health Sciences Centre now -- is \$128.4 million.

MR. NOTLEY: How does that compare, Mr. Minister, with the original estimate?

MR. RUSSELL: Going back to May 1977, there was cabinet committee approval of \$97.7 million in May 1977 dollars.

MR. R. CLARK: Mr. Chairman, could I just ask the minister also on that project -- perhaps he doesn't have the information now, but could we get the information on what this means as far as new beds are concerned? How many additional beds are we looking at?

MR. RUSSELL: In the MacKenzie Health Sciences Centre is actually a decrease in beds. There are no new active beds in there. In fact, there will be fewer beds than there were in the old hospital. I think the bed count in the old hospital was over 900 -- 1,025 in the old hospital as it exists. The new hospital will have 870 active beds plus 120 hostel beds.

MR. R. CLARK: So from the standpoint of active beds being available, we're looking at 870 in the Health Sciences Centre.

MR. RUSSELL: Yes, it's a reduction in beds.

MR. CHAIRMAN: Two supplementaries apparently: first Mr. Sindlinger and then Mr. Bradley.

MR. SINDLINGER: Mr. Russell, could you please indicate why there was a reduction in the number of beds, and give an opinion on whether that's a significant reduction?

MR. RUSSELL: Yeah, I was concerned when I heard about that, because of the publicity given to waiting lists. The way it's been explained to me, I think there are two factors here. First of all, the bed ratio for active beds in Edmonton is very good, and the waiting list numbers aren't significant the way they are in our town of Calgary. Secondly, the Health Sciences Centre is that: more a Health Sciences Centre than a hospital. This is being done on the advice and through the direction of the board as well as the university's board of governors.

One thing, for example, is that because of the very specialized nature of the centre -- and it will be a major regional health sciences referral centre for northern Alberta -- most of the beds are either in single or semiprivate rooms. In fact, I don't think there are going to be any ward beds at all. It will therefore probably be a more expensive institution to operate on a rated day bed capacity, but it's because it's really in a category above what we traditionally think of as a general hospital, and it is replacing a general hospital.

MR. SINDLINGER: Mr. Russell, would you then say that the reduction in beds in no way compromises the ability or the total number of beds available to Edmontonians?

MR. RUSSELL: I think that's a fair statement, because while this is happening other kinds of beds are being constructed in Edmonton. We try to approach the bed numbers problem on what we call a regionalized basis: that is, taking auxiliary, extended care, and short-term active care beds in total. So for example, while we're losing some active beds in the U of A hospital, we recently opened the Dickinsfield extended care centre, which put a lot of

chronic and long-term beds in the Edmonton region market. So far that balance appears to be working very well for Edmonton.

MR. BRADLEY: A supplementary question on the number of beds at the University Hospital at the present time. That figure of 1,025 beds -- does that include the Newburn Pavilion?

MR. RUSSELL: Yes, it does.

MR. BRADLEY: Thank you.

MR. BORSTAD: Not being totally familiar with the University Hospital, is the old hospital coming down or being replaced?

MR. RUSSELL: Yes, it is. I was going to suggest that the project's at a state now that the committee may or may not want to consider it as a subject of a field trip. There's no finished space *per se* to look at, with finished operating rooms or that kind of thing, but if you're looking at the structural system in place you get a pretty good idea of the buildings that are coming down, the buildings being renovated and phased in, and the new structure. There's a whole complex of buildings that have grown almost like Topsy over there, over a long period of years, which are now all being phased out and replaced by this new plant. That's an important question, because a lot of attention was given to whether or not the existing buildings should have been upgraded or everything torn down and a new thing put up in its place. The latter decision was taken.

MR. R. CLARK: In the course of answering the question from the Member for Calgary Buffalo, you said that what we're doing is replacing a general hospital. Now it's certainly my understanding that the University Hospital has been seen as a referral centre for much of the area from Red Deer north over many years. To say that we're replacing a general hospital certainly doesn't at all jibe with my understanding over the past many years that the University of Alberta Hospital has in fact been a referral centre for much of the northern part of the province. Which is it? Are you telling us today that the University Hospital, as it is today and has been for many years, is simply a general hospital and not a referral centre for the northern part of the province?

MR. RUSSELL: No. I think it's both. Perhaps I'm confusing some members by mixing the terminology. There are the four very large what we call general hospitals in the province: Calgary General, Foothills, Royal Alex, and the University. Those were traditionally the four biggies. Now being those, they also acted as major referral centres, especially because of their tie-in to the two campuses, the Foothills and the University. They tended to have the specialists and the kinds of programs that general hospitals throughout the province didn't have. But it's true, as you pointed out, that they are major referral centres.

I think it's fair to say, though, that as a result of its reconstruction -- and the name implies it; it's now a Health Sciences Centre -- it is being upgraded from its previous status as a big general hospital, which acted as a referral centre not just for northern Alberta, because I know there were people from the Calgary region going there for heart care for example, into what they call a real Health Sciences Centre. So I don't know if half the

space is being taken by beds -- if the ratio would be even that high. So that general-hospital bed aspect of it, I think, has in a relative way perhaps gone down.

MR. R. CLARK: Could I just follow that, Mr. Chairman, by asking: Mr. Minister, of the proposed 870 beds, what number does the department anticipate will be used as a part of the referral portion of the centre's work, and what portion will be for general availability of active beds in the Edmonton community?

MR. RUSSELL: I don't know if anybody can answer that. The last advice I was given through the report of the board is that we should be aware that this -- and I referred to this, that there are no wards anymore; they're all private and semiprivate rooms, and they have to be because of the nature of the programs the board and staff intend to provide there. So it will be a very specialized kind of place to go. Now, your question, as I understand it, is: how will that fit in with the man on the street with the appendix that needs removing, his ability to be admitted there. I don't know; I'm guessing it would be decreased.

Mr. Chatfield just said I should probably add that there won't be specific beds marked as referral beds from other parts of the province.

MR. R. CLARK: I don't believe there have been in the past, have there? Mr. Minister, the reason I ask the question is really twofold. One is, with the expanding population in the greater Edmonton region -- I don't recall our adding a great deal as far as active beds are concerned in the Edmonton region over the past several years, and now you're telling us that there are going to be approximately 150 fewer beds at the University Hospital. I've had concern expressed to me in the northern part of the province about the availability of referral beds at the University or Health Sciences Centre. I can appreciate that somewhat, when you keep in mind the greater population in the Edmonton region, and really few additional active beds over the past several years. Also we're going to have 150 fewer beds. What kind of situation are we finding ourselves in as to the Health Sciences Centre becoming or continuing to be what's regarded as one of the major referral centres in the province?

MR. RUSSELL: There's no doubt in my mind its role as a major referral centre for northern Alberta will increase. Going back to the bed numbers, though, those figures you're using are net. For example, I think we're learning that it's important to not just replace or increase beds on a bed-by-bed basis, but also take into consideration the type of bed. I mentioned Dickinsfield, which has just come on, the extended and chronic care beds. We've recently approved for the new District 106 board the go-ahead to start programming and planning for the new general hospital in the Mill Woods area. Of course those are things that have to go on on a continuing basis. Now Dickinsfield has got 300 beds. I suppose if you just wanted to take bed for bed, you could say we're losing 150 beds at the University and gaining 300 in Dickinsfield, but again that gives a sort of distorted picture, because they're different kinds of beds.

But the Mill Woods hospital, I expect, will be on stream in five years. That should be another 450 to 500 general active care beds, and by that time I'm sure a future hospital for some other part of the city or metropolitan region will be on the planning boards.

MR. R. CLARK: Mr. Minister, so we get a better grasp of this bed situation in the greater Edmonton region, other than the 300 additional beds in Dickinsfield, what beds have we opened up in Edmonton since say 1970?

MR. RUSSELL: I can't give you that information, because I'm not aware of the small numbers of beds that may or may not have come on or off stream in some of the other existing hospitals. By way of new hospitals, I think there haven't been any in the period you mentioned. But if you want, we can get you -- and I'd have to get it back to the committee -- a written memorandum of those numbers.

MR. R. CLARK: That would be very helpful.

MR. NOTLEY: Mr. Minister, you indicate that Mill Woods is proceeding, and we're looking at about five years before it's completed, in which time in all likelihood the greater Edmonton area will have at least another 100,000 people, possibly another 125,000 or 150,000. So it seems to me that still leaves in the minds of many people a concern about whether we have sufficient active treatment beds in the Edmonton area, and as a representative from northern Alberta the concern that if we don't then are we going to start seeing the University, the new health sciences facility, being used out of the dire necessity in the Edmonton area, and then our ability to see it being properly used as a referral centre goes down the drain, or at least is qualified -- let me put it that way.

MR. RUSSELL: That's a good question. There may be some period in the time frame you mentioned when those sorts of things would happen. But I doubt that they will. I'm really puzzled, as are many of us, by the bed ratios in Alberta as compared to the rest of the province. You know, we're just so far above the rest of the country. I look around at Albertans, and they look every bit as healthy as other Canadians. I wonder who's using all these beds. As a matter of fact, by coincidence, today the utilization committee I appointed is holding its first meeting. I hope to have their interim report by Christmas.

This is a real puzzler for Alberta, because it's unique in Canada. For economic reasons, other provinces are closing beds. We discussed this at our health ministers' meeting in Charlottetown last week. In grappling with the economics of escalating health care programs, that for instance is what Ontario is doing; they're going around the province closing hospitals. We've got just the biggest capital construction program under way of any province, by far. That's being layered onto a system that already has way more beds per thousand people than in any other province, by far. So it's puzzling, the nature of these so-called -- and I use that in its truest sense -- so-called waiting lists.

I think the long-range planning that the various boards are carrying out throughout the regions of the province is being done well. A concern that's getting a lot of attention is the situation in Calgary, because of the more rapid growth and the perceived bed shortage there. But you've hit upon an issue that's a real puzzler for us, and one which I believe we have under control.

MR. NOTLEY: Whether one has it under control, I guess, is subject to some considerable debate, and it's perhaps not useful to go into it here. But I certainly hope we wouldn't follow the Ontario example of shutting down beds.

I think it's fair to say that the minister did hit upon one very valuable point when he talked about the different kinds of beds. Even the construction of hospitals, the use of single rooms as opposed to two, three, and four beds in a room -- I know you can reduce the actual number of beds but increase the efficiency of a hospital. Even though you may have four or five fewer beds in a smaller country hospital, for example, you can probably deal more effectively with the health needs of the people in the area.

But the concern I have really comes back to this business of the mushrooming population in the metropolitan area here, which is going to carry on, in all likelihood, and our planning process seems to have been somewhat aniss. You indicate, Mr. Minister, that there hasn't been any addition in beds since 1970, yet the Edmonton metropolitan area has been growing very rapidly. We have Mill Woods being open five years down the road, but in the meantime I have a horrible feeling that the University Hospital is going to have to play the role more of an active treatment centre, as opposed to the original design we talked about when it was announced in the Legislature.

MR. RUSSELL: Well, I guess I don't share that pessimistic outlook. Another factor that I haven't mentioned is the probable bringing on stream of the Charles Cammell Hospital, along with the Belcher Hospital in Calgary. I think it's well known that we're nearing the completion stage of negotiations to bring those federal hospitals into the provincial hospital system by arranging for the transfer of ownership. I think there will be a meaningful bed increase in both cities.

MR. NOTLEY: Do you have figures on the number of beds there?

MR. RUSSELL: Just under 400 in each one, but that's not a total net gain, because some are being used now and will have to be committed. I'm going by memory. I think as a result of that change of ownership we're going to get a net gain for Calgary of about 80 active beds that are now empty. There are about 75 in the Cammell, using the same logic or reasoning.

MR. NOTLEY: So that would approximately equal what we lose in beds over at the University.

MR. RUSSELL: Yes. And there are moves afoot to replace some of the hospitals outside Calgary and Edmonton, so hopefully this perceived need to come to Edmonton or Calgary for a good hospital bed will also decrease.

MR. R. CLARK: Mr. Minister, your own staff tell these hospital boards, when they are making application to your department for money, that they shouldn't see these hospitals as mini-health science centres. So you can't have it both ways.

MR. RUSSELL: No, that's true. But I can point to hospitals in the province where the occupancy rate is 38 per cent. There would be no reason for keeping that kind of hospital open. If it were a good hospital, probably the occupancy rate would go up, and that person would not come to Edmonton for a hospital bed.

MR. R. CLARK: How many hospitals have you got operating at that kind of percentage that you're going to replace?

MR. RUSSELL: I'm not going to tell you that now.

MR. R. CLARK: Darn few.

MR. RUSSELL: No, there are quite a few. I was referring, of course, to the freeze that's been lifted. We hope in the next few weeks to make a pretty meaningful announcement with respect to replacement of some of those facilities. But I think there are enough hospitals in the province operating at that kind of occupancy that it should cause concern to members of the Legislature.

MR. NOTLEY: Mr. Minister, the fact of the matter is that that still doesn't really deal with the question of referrals, because most of the hospitals operating at 33 or 40 per cent are really operating at a level where the medical staff there would not be able -- they don't have the facilities -- to deal with difficult cases. So they are going to refer them. The question is, in the Peace River country do we make Grande Prairie a mini-health centre, or do we ship them right down to Edmonton? The traditional approach has been in the main to ship them to Edmonton. That's going to be the case with most of these smaller hospitals. I don't really see the referral question being changed.

MR. CHAIRMAN: A point of order by Mr. Sindlinger.

MR. SINDLINGER: I wonder, Mr. Chairman, if for my benefit Mr. Notley would please explain the relevance of his questions to the heritage fund.

MR. CHAIRMAN: That seems like a reasonable question, Mr. Notley.

MR. NOTLEY: Well, the question really relates to the investment we're making of the heritage trust fund in a major health services centre in Edmonton and whether it's going to be able to do the job that we've set out for it and discussed in previous heritage trust fund committees. That's basically the relevance of the questions. It couldn't be more relevant.

MR. R. CLARK: Mr. Chairman, if I might also speak to the point of order. Now that we've moved to the idiotic situation of financing active beds at what was the University Hospital out of the Heritage Savings Trust Fund, that opens up the whole area of active beds being very relevant to the Heritage Savings Trust Fund and the role this place is going to play. Because clearly we are now financing out of the Heritage Savings Trust Fund active treatment beds, which previously have never been financed out of anything other than the general operating budget of the province.

MR. CHAIRMAN: Are there any other comments to the point of order?

With respect, then, Mr. Sindlinger, I think Mr. Notley has established the relevance to my satisfaction. I would indicate that he could pursue that line of questioning, at the conclusion of which we will at long last hear from Mr. Knaak.

MR. KNAAK: Thank you, Mr. Chairman. Mr. Minister, is the intention of the hospitals that you talked about -- the expansion of hospital beds and the general hospital category . . .

MR. CHAIRMAN: Mr. Knaak, I am sorry, I had implied that you should follow the completion of Mr. Notley's current line of questioning.

MR. KNAAK: Oh, it is. Thank you, Mr. Chairman. It is a supplementary. It may not sound from my introduction, but it is.

Is it the intention to finance these beds out of the Heritage Savings Trust Fund, or will it come out of general revenue?

MR. NOTLEY: Might I interject for a moment and ask the minister if he would answer my question, and then we could go on to the supplementaries.

MR. RUSSELL: If I recall the question, it was dealing with referrals from the smaller general hospitals around the province. You're always going to have the referrals, because of the facts of life. All these smaller hospitals don't have, and shouldn't have, the more sophisticated programs that the larger metropolitan health sciences centres have. So that will continue. The kind of thing I'm talking about is I guess broken down into two categories. For example, if an existing rural hospital is really in bad shape, perhaps a woman won't even go there now to have her baby or a guy to have his appendix removed. They come to the next larger centre, whether it's Red Deer or Edmonton. The other thing that's happening -- and this goes back to my earlier comments about regionalization -- is some of the other plants that are going up. I can think of three: Red Deer, Fort McMurray, and Grande Prairie. Those will take some of the referral cases that had previously come to Edmonton, and they will be replaced there.

MR. NOTLEY: That's some distance in the future in each case.

MR. RUSSELL: Not so far. Grande Prairie, of course, is the last of those to get under way, but Red Deer and Fort McMurray are reaching the stage where they'll soon be in operation.

MR. KNAAK: Mr. Minister, is it the intention to finance the general hospital category out of the Heritage Savings Trust Fund?

MR. RUSSELL: No, it isn't. This goes back to the basic difficulty in making a decision of any kind in the capital projects division of the Heritage Savings Trust Fund; that is, what are the criteria of putting a thing in there rather than in our General Revenue Fund capital budget. I think we're trying to say that if something is particularly unique and perhaps of a specialized nature that may not have gone ahead because of other pressures in the ordinary annual capital budget of the province, those are being called capital projects under the Heritage Savings Trust Fund.

There's also another reason. The trust fund is perceived by Albertans to be there as a nest egg or a savings and investment fund from the sources of our declining energy resources. These kinds of things, like these very specialized health care facilities, and the parks and irrigation projects going on, are very good in a tangible way of showing our citizens where some of these declining oil revenues are going. So on the one hand it's a policy decision; on the other hand I guess I've given a philosophical reason for doing it. But to answer your question, I can see no reason why the general hospital program for the province *per se* would switch to heritage trust fund financing. I can't see that happening.

MR. KNAACK: If I may have a supplementary comment, Mr. Chairman.

Mr. Minister, I guess my concern is slightly different from that of Mr. Notley and the Leader of the Opposition. I'm concerned about the point you raised. We already have very much a Cadillac health care system in Alberta, financed 70 per cent largely from non-renewable resource revenue. It's a fact that that non-renewable resource revenue will decline. We will have built in a very large operating necessity to finance that. My concern is that when there is a significant decline in this non-renewable resource revenue we don't have to tax exorbitantly. The possibility arises if we expand the hospital beds and the health care system excessively -- and we're well beyond other provinces already -- that we get into the position where we're going to be the most heavily taxed province in Canada and have very, very serious economic consequences.

So my request to you, Mr. Minister, is to exercise restraint in the expenditure in hospitals, as opposed to just becoming very liberal in the creation of additional beds.

MR. CHAIRMAN: Mr. Russell, did you wish to interpret that supplementary comment as a supplementary question and respond to it?

MR. RUSSELL: Well, it's a good point, because on these capital projects we do ask the boards to give us the incremental costs as a result of the project's going ahead on an operating basis. Those figures are pretty alarming. We're asking all hospital boards, as a requirement, to do this now when they put in their application for a new plant. Because today, with conditions as they are in Alberta, I think it's fair to say that it's easy to find the capital dollars but the longer program that we're building in down the road by way of operating costs is important. For example, for the Walter C. MacKenzie Health Sciences Centre the incremental costs -- that is, the additional costs as a result of the project's going ahead, as compared to the costs that would have been there had the hospital stayed in its older form -- rise from \$5.4 million in '79-80 to \$18.1 million in '82-83. So it's right on the point you were making.

MR. R. CLARK: Following up that very point, though, and recognizing the comments made by the hon. Member for Edmonton Whitemud about "wouldn't want too liberal a capital building project hospitalwise". When we look back and we have no new active beds in Edmonton since 1970, and we're going to lose 153 as a result of -- and I'm oversimplifying here -- spending \$128 million on the Health Sciences Centre, and the population of Edmonton is increasing let's say 6,000 people a month, I don't think over a period of 10 years that's too liberal a policy as far as additional active beds are concerned.

Could I just ask the minister, Mr. Chairman: is the government in a position to speed up the new hospital announced a couple of years ago -- the one out in the east side of town that I believe comes on stream in five years? Are we in a position where that can be moved ahead one or two years, assuming we do have problems in this active bed area?

MR. RUSSELL: Well, knowing that board, I'm sure they'll go as quickly as they can, and it wouldn't be our intention to hold them back. We'd co-operate in accelerating the project. There's a practical limit, though, as to how far you can condense that time span. The overall current occupancy rate for hospital beds in Edmonton is 74 per cent. So a quarter of the beds, you could say, are empty.

MR. R. CLARK: Mr. Minister, you wouldn't argue, though, with the proposition that there have been no new active beds in Edmonton basically since 1970.

MR. RUSSELL: No. And no need for them.

MR. R. CLARK: Well, I would disagree there.

MR. PAHL: Mr. Minister, I suppose if there's one area I would support Cadillacs in, it's the area of health care, simply as a basic principle.

But the question I have -- and I note that the capital projects division really applies funds in the area of health care and applied health research. Now when you put capital dollars into an applied research facility I suppose you have the expectation of solving some of these research problems at some point in time. Then you have the capital facility in place that would, I assume, shift its emphasis to more routine health care. Similarly, along with that observation point, I would ask if the minister could indicate the strategy in terms of allocations, or even giving me the dollars that are what you might define as health care expenditures out of the Heritage Savings Trust Fund and applied health research funds, and indicate what the proportion would be in terms of funding in the year we're looking at.

MR. RUSSELL: If I understand the question, you would like the figures broken up for the two applied research programs vis-a-vis the three capital projects.

MR. PAHL: Yes, Mr. Chairman. For example, I think the children's hospital would be very well categorized as health care, whereas the applied health research work in cancer work and heart disease would be very clearly defined as applied health research. This would tend to suggest a strategy with respect to spending Heritage Savings Trust Fund money in health care.

MR. CHAIRMAN: Mr. Pahl, I wonder if in my capacity as chairman I could just interject and ask the minister, and perhaps his colleagues, if they feel they can deal systematically or lucidly with that distinction: the distinction between health care and applied health research. It's a distinction with which I think I'd have difficulty, and hence I wanted to determine if you share that same difficulty.

MR. RUSSELL: Yeah, we are. It's difficult to break it out. The last annual report of the Heritage Savings Trust Fund breaks down the costs of capital projects. You made specific reference to the children's hospital, and we call that a capital project because it's being used now to build a building. The operating costs for that will not be carried by the Heritage Savings Trust Fund. It's the same for all of them.

So I guess the only way I could answer your question in a very basic way is to refer you to the gross dollars shown in the report for each project. The year you're studying, we had \$11.5 million, in round figures, for the children's hospital -- that's all capital -- \$35 million for the U of A Health Sciences -- all capital -- and \$22 million for the southern Alberta centre. The figures for applied research for that same period are \$3.1 million in cancer and \$10.4 million in heart.

MR. PAHL: Could you indicate where these numbers appear in the report? I'm sorry, I was trying to get them from the text, the page.

MR. NOTLEY: Statement D, page 50.

MR. PAHL: Thank you.

MR. KNAAK: Mr. Minister, is there any present intention to use part of the Heritage Savings Trust Fund, and perhaps the medical research endowment fund -- it's a vehicle I don't know about -- to send Albertans overseas on scholarships or fellowships -- whatever name the medical profession uses -- to have Albertans acquire the knowledge at some other university and come back to Alberta to use it, on a scholarship basis? Is there any intention to use the Heritage Savings Trust Fund investment moneys in that way?

MR. RUSSELL: I don't believe any scholarships have been given in the two programs in heart and cancer. No, none have been. Whether that will happen in the \$300 million endowment fund that's coming up is something that will unfold with the legislation, I guess, and the decisions of the board of trustees.

MR. KNAAK: Would you care to express your views on -- it's almost a suggestion, I suppose, that I'm making, that part of the Heritage Savings Trust Fund investment be invested in what I might call human capital, Albertans, to facilitate their acquiring the expertise outside Canada and then coming back rather than trying to attract foreigners to come to Alberta.

MR. RUSSELL: Yeah, I would support that concept.

MR. R. CLARK: Mr. Minister, dealing with the statement on page 50 and the applied health research, the cancer and heart disease research. Correct me if I'm wrong, but I think to date it's been basically on a project basis, if I could use that term. One of the concerns that has been expressed to me by people at the university is that the kinds of equipment and facilities needed are tremendously expensive, and it's -- this may not be the proper term -- rather a hit-and-miss situation. I think we all have to recognize that the money we're investing here is a long-term investment, and over a period of time some of the projects which are approved will, I'm sure, pay very great dividends, but I'm sure there are many where the benefits will not appear that obvious.

Getting back to the original point, I've had the concern expressed to me by people there, some who have applied and been successful and some who have applied and not been successful, that one of the real difficulties is the availability of the most modern recent equipment to do the kind of work that is needed. I'm wondering, is it someplace here or does the minister have some other plans as far as equipment is concerned -- that's a broad term. I'm sure some of the same concerns have been expressed to the minister; in fact, I know they have been.

MR. RUSSELL: The way these applied research applications are set up, the applicant should show that in his application. In other words, the funding which is approved for these specific projects includes money for equipment, renovations, and staffing. So if a doctor or group of doctors puts a package together that says, we need \$500,000 worth of equipment, and in order to fit it into the Misericordia Hospital or wherever they may be coming from there is going to have to be \$100,000 worth of renovations, and then staffing costs of \$80,000, we'd add those figures. If the grants committee and research

committee approve his application, funding then follows which covers all of that.

MR. R. CLARK: Then looking at the list given today, could you or one of your officials, Mr. Minister, point out one or two projects where in fact considerable funds have been made available for equipment and renovations?

MR. RUSSELL: Okay. I'm going to start using words that are difficult for me to pronounce.

MR. R. CLARK: I'll likely have to ask you what they mean.

MR. RUSSELL: As long as you don't do that.

The project at the cardiac catheterization laboratory at the Holy Cross Hospital in Calgary was funded \$1,030,000. That's not in your report; that's

. . .
I was using a heart one. If you want to use a cancer one that you have in front of you, turn to the Provincial Cancer Hospitals Board report -- that's the uncovered one -- on page 20.

MR. R. CLARK: I've only got 17 pages in mine.

MR. RUSSELL: Do you not have the Auditor's report attached to those? I'm sorry. We'll have to get those and come back to you later. I can read you the figures I was going to have you read. In that it shows purchase of equipment, \$1.1 million, and then the operating and staffing costs would be on top of that. We can go through those projects on an individual basis if you like. That's the lump sum for the cancer thing. It shows that there are considerable funds for equipment. The person making representation to you may be talking about something larger in scope, beyond the availability of funds in this program.

MR. R. CLARK: So what we're being told is that for both equipment and renovations the committees are at least prepared to consider that, and if the committee feels the project is worth while some funds have already been allocated for renovations, equipment and additional staff.

MR. RUSSELL: That's always been the criterion.

MR. MOTLEY: Mr. Chairman, I just wanted to follow up a question that Mr. Knaak raised. It really is under applied research, so if there are any questions on the construction aspect, the building itself, I defer to people who have questions before moving into this other area.

MR. PAHL: After giving those numbers, I'll engage in the luxury of answering my own question, and try to make the point again, because I thought I must have wandered a bit. As I see it, there's \$63 million in buildings, if you will, that will be added to the capital facilities for the delivery of health care on a long-term basis to Albertans, and there's \$13 million applied to applied health research, which will really be one-shot expenditures, with the hope of making progress in the elimination or eradication of disease. That would seem to me to be the spending strategy, if you will, of Heritage Savings Trust Fund dollars with respect to present and future medical care in Alberta. Is that the trend the minister would see, in terms of the ratio of capital

expenditures to one-shot research expenditures over time, or would it tend to reduce in terms of one or the other?

MR. RUSSELL: I think it's probably the other way around. The capital tends to be the one-shot process. You approve a building and build it. The applied research, of course, was brought forward on the basis that it was an implied five-year commitment, and we've done that. We've brought forward the estimates each year, \$10 million a year for each of five years. I would suspect that would be reviewed at the end of the five-year period to see whether or not it's been worth while and not to be continued. By that time the basic research program will be in its embryonic stage, so that will complicate the decision. But no, I would perceive research as an ongoing thing. MR. CHAIRMAN: It appears we've completed that line of questioning, Mr. Notley.

MR. NOTLEY: To move into the research question, then, Mr. Minister, would you outline for the members of the committee the point you alluded to in answering Mr. Pahl's question; that is, the relationship between the overall research program -- the \$300 million endowment we're going to be dealing with this fall -- and the program that has already been approved by the capital works for applied health research. Have we arrived at a policy as to where the line is drawn and who makes the decisions, what the outlook is and what the ground rules will be?

MR. RUSSELL: I don't suppose we have. The applied research included in the estimates we're examining this morning was put forward on the basis of, let's try to provide some of these heritage dollars for recommended projects that under ordinary circumstances couldn't go ahead in a hospital. Our hospital budgeting is like the other provinces: we're trying to keep some kind of reasonable rein on it, and of course there are always doctors who say that it's not enough, that they'd like to do these continuing worth-while things.

So that's really what the applied research is. It's really treatment inside existing hospital facilities in Alberta that the doctors wouldn't be able to carry out under the ordinary annual budgets of the hospitals. That's the basis on which it's gone forward, and of course that's the basis that causes some of the accounting problems for the boards, bearing in mind the guidelines of the Auditor. The Medical Research Foundation is going to be more in the nature of your pure basic research, as some of the other institutes of international status are now doing. It's difficult for me to guess how the two might tie together, how the basic research in the one program -- in the classroom, in the scientist's mind, in the doctor's lab -- might carry through into the applied research in the bed wards that this program covers.

MR. NOTLEY: That was really the point I was making. It's my understanding of the foundation that while the emphasis might be on pure research, pure research in a vacuum often is not as productive as it can be if it's blended with applied health research. It would seem to me that as we look to the future we're going to have to see some kind of synchronizing of these two programs, if we're going to maximize the objective, which is to develop expertise in Alberta as a science centre in the health field second to none on the continent.

MR. RUSSELL: Just as you were talking -- I suppose I could say the way the relationships are perceived now is, here's the active operative hospital, and here's the academic and research community over here, and our applied research program is now in between those two. The relationship is between these two segments at the moment. It's co-ordination and expansion of programs from the hospital to the applied research program.

You're asking, what is the relationship going to be between the scientific wing and the applied research wing. I can't answer that today.

MR. R. CLARK: Mr. Minister, since the funding was approved two years ago for cancer and heart disease research, have we been keeping some sort of look on what's happening to the availability of outside medical research funds for Alberta doctors? I raise the question because the national funding agencies -- the Medical Research Council -- one of the pressures I'm sure they're already getting is that with all the research money that appears to be available in Alberta in comparison to other parts of the country, the amount of money already available is very enticing. Any indication as to what's happening to the availability of funds from that agency to the Alberta medical research community? And what kind of arrangement has been worked out to see that they are in fact not going over the same ground that we hope to cover and some of the projects that have already been approved, or vice versa?

MR. RUSSELL: I don't think there's any danger of that happening with these applied research programs that we're carrying out, because they simply wouldn't fall into the category that's funded by the national level of funding. But the broader question is one that is of concern to all the provinces for a variety of reasons, whether it's a surfeit of funds or vice versa. That's an item on the agenda for our meeting with Mr. Cronbie this coming Monday. I think it would be a real tragedy if because of temporary wealth or poverty of one or more regions of Canada funds started being diverted that way rather than on scientific or national need. So we'd oppose very vigorously any attempt to regionalize funds on an economic basis.

MR. R. CLARK: Mr. Chairman, might I just make this suggestion to the minister, that in the course of his meeting with his federal counterpart . . . If Alberta is serious about the comment that you made earlier, Mr. Minister, about this being research not only for Alberta but for all of Canada -- and I don't question the minister's sincerity in making that point -- it would seem to me that here's an opportunity for Alberta to give some real initiative as far as the rest of the country is concerned, even if it means Alberta taking the initiative and being prepared to do whatever has to be done to see that on the one hand there isn't that regionalization of funds, but in addition there's some systematic means of not only cataloguing but co-ordinating what's going on. I know there are some efforts in that area now, but how successful they are I guess depends on who you talk to; at least that's been my perception of the situation. But there, it seems to me, is an opportunity for Alberta to be seen not only dollarwise but from the standpoint of giving some of that kind of leadership, that we shouldn't miss.

MR. RUSSELL: Yeah, I think you're right on. The concern of some of the other provinces relates also to what's happening in Alberta. While they don't begrudge our great opportunities here, they in turn don't want to see their more modest research programs harmed in any way by what we're doing. Working forward in the national interest, to use your term, we'd have to safeguard

that, so that the smaller but very worthwhile projects that, for example, Nova Scotia has got going through the research funds they have available, aren't hurt by what we do here.

MR. NOTLEY: Just to follow that along a little bit, Mr. Chairman, have we given any consideration -- just in that general vein of research and what it can do for all Canadians, and indeed people in other parts of the world as well. We have a research centre that we'll be very proud of, hopefully, in a few years, and are today, and it's a growing research centre. But other provinces have research centres as well, probably in other areas. I don't think we want to get into a situation where in this kind -- I certainly don't pretend to be an expert, but it seems to me that in the various types of research it would be a rather sad thing for Canada if every province tried to duplicate what we're doing, and if we tried to duplicate what other provinces are doing. It seems to me it's an expensive enough area that probably some kind of division of responsibility, if you like, among the different provinces would make sense. Have we given any consideration to investing from the heritage trust fund in the research programs of other provinces to make it possible for them to move ahead?

MR. RUSSELL: Not that I'm aware of. I suppose that's something a province could decide on their own. We have loaned other provinces money, and if they wanted to use it for investment in research programs that would be their local provincial decision. But I'm not aware of any initiative we've taken as to investing directly in a research program in another province.

MR. R. SPEAKER: The minister has indicated that Calgary, Red Deer, Edmonton, and Grande Prairie would be looked at as referral centres, and potentially funds from the Heritage Savings Trust Fund would be used for those capital functions. Is there any overall plan for the province for other centres to become major referral centres and to use funds from the trust fund?

MR. RUSSELL: No, I hope I didn't mislead you when I was talking about what's happening regionally. That those hospitals outside Calgary and Edmonton are referral centres doesn't mean they'll automatically be funded out of the heritage fund or that major referral centres would all become heritage projects. I didn't mean to leave that impression; I guess I must have. But that's a wrong impression for me to leave. They'll be funded under the General Revenue Fund.

MR. KHAAK: I move we adjourn.

MR. CHAIRMAN: Do I have agreement with that adjournment motion?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: On behalf of the members of this committee, then, Mr. Minister, I would like to thank you and your departmental colleagues for participating with us in today's meeting of this committee.

MR. RUSSELL: Thank you very much, Mr. Chairman.

MR. CHAIRMAN: Before the members of the committee leave, there are one or two administrative-type matters I wanted to discuss. Would it be appropriate, in your view, to have that discussion now, perhaps following a break of just two or three minutes?

MR. NOTLEY: Let's do it now, Mr. Chairman.

MR. CHAIRMAN: Let's do what now?

MR. NOTLEY: Let's have this administrative meeting now.

MR. CHAIRMAN: Okay, without the break. Fine.

First of all, I'd like to confirm that each of you has received from me a copy of Mr. Clegg's memorandum to me outlining his interpretation of Section 13(3) of the Act, and containing as well three recommended options for remedying what may be a too narrow phraseology or wording of that section. Does everyone here have a copy of that memorandum? That being the case, I would certainly welcome comment both on Mr. Clegg's interpretation of the section in question, that is 13(3), as well as on the three alternatives for remedying what may be a defect in that provision of the Act. Any comments?

MR. KNAAK: I apologize for leaving my opinion at home, but I have read it.

The question is: can a legislative committee go outside an Act of the full Legislature through precedents of the committee? There was a strong argument in the legal opinion that the precedent has been to do such and such. Well, I believe precedents cannot affect the terms of reference in an Act of the Legislature as a whole. So I think on that particular issue we may have some difficulty.

As well, there is always a question on the strict or liberal interpretation of anything, and I certainly agree that it's ambiguous. I've made this point before: rather than rehashing material that we should have discussed or did discuss during the budget debate and estimates, I would prefer to see us confine -- not narrowly, but confine -- our discussion basically to the Heritage Savings Trust Fund, investments made by the Heritage Savings Trust Fund, and suggestions and questions as we have on alternative investments of the Heritage Savings Trust Fund. I think that even is liberal in relation to the terms of reference of Section 13. That's my view on it.

MR. NOTLEY: Mr. Chairman, I really think we have to go back to the debates that took place in 1976. One could argue that this committee is essentially an audit committee, that we look at the financial year in question of the heritage trust fund, confine our questions to investments that have been made, confine our recommendations to alternative investments that might have been made in that particular year. But with great respect, I think the clerk, in his submission to us, recognized that that really wasn't the method of operation. Over the last several years that I've been a member of this committee we have quite rightly directed our attention as we've considered recommendations that relate to the future. I think that's quite proper and certainly consistent, as I recall the debate. Last week we had the Premier's comments.

But one has to look at the entire debate, Mr. Chairman, and the debate on the Heritage Savings Trust Fund lasted -- Mr. Clark can perhaps correct me if I'm wrong, but I think it was the largest debate of 1976. There was a good deal of discussion by many people. I think the clerk recognized that the

intent in 1976 -- certainly the intent, as I recall, was that this was to be more than an audit committee. It was to be a watchdog committee in the larger sense. That being the case, I think it would be a very serious mistake for us to unduly limit the responsibilities or the ability of this committee to fulfil that mandate given by the legislature. I do agree that there should be clarification of the legislation, and the clerk has suggested that. I think any one of the three options is worth considering. I believe we should pursue that, so there is no misunderstanding in the future.

But I believe that the last comment the clerk made on page 2, that "it does appear from the record of debates on the original Bill that it was the Government's intention that the committee should be able to do this" -- in other words, go beyond what one might classify as the very strictest interpretation of the Act. I think the clerk has made a reasonable case for clarification, and I certainly would support that, but in the context of this very definitely being more than an audit committee.

MR. KNAAK: In response to that, Mr. Chairman, perhaps I should have clarified what I was saying. On the basis of the way the section now stands, I believe we're confined to the way I made my presentation. I didn't suggest -- and I'd be quite prepared to make a recommendation, either (1) or (2), and accept either one of those two. All I'm saying is under the present Act we're confined to the Heritage Savings Trust Fund. It's quite possible that through discussion -- as the Member for Spirit River-Fairview suggested, that we have a broader term of reference. I certainly agree that that section has to be clarified so we don't have this procedural problem next year. I'm certainly prepared to leave it up to the chairman's discretion throughout the remaining weeks as to what our terms of reference are, by your interpretation. But my recommendation would be for clarification and for an amendment to that section.

MR. R. CLARK: I would think that the reasonable route to go is to ask the Law Clerk, the counsel to the Assembly, to look at that particular section. That's the third of the three options Mr. Clegg outlined to you, Mr. Chairman, on page 2 of his memo of September 5.

But I would go further than that, and say that it's my feeling that not only this committee but the Legislature, whether in Alberta or wherever they may be, really find their guidance in two sources. One is the legislation itself, or the rules of procedure of the Assembly or the committee. The second is the tradition, custom, or practice of the past. By looking at Beauchesne or Erskine May, members will find that much of what we do in this Assembly and other assemblies is based on precedents which have been established in other houses of parliament in other places in the Commonwealth. I for one have no objection to saying to the Law Clerk, we want to clarify this. But frankly, I think a rather healthy precedent has been established in this committee.

The hon. member Mr. Planche from Calgary will recall, I think it was two or three years ago, when we first looked at the Southern Alberta Cancer Centre, and the discussions that were held. Regardless of where we sat in the House, a great deal of clarification of that project came out of the committee. I suppose if one had tried to confine us to a very, very narrow interpretation that wouldn't have happened. I look back and say, that was one of the early contributions this committee made to the operation of the fund. I think we shouldn't get tied down in too much of the legal niceties, but go back and use as an example the precedent already established and the comments made by the

Premier and other individuals and commitments given when the legislation was debated.

MR. PAHL: Mr. Chairman, I was simply going to recommend the first course of action. On reading the three, I can't see that there's all that much difference in the alternatives, other than maybe observing that (1) would perhaps be more direct.

MR. R. CLARK: If I could respond to that, I see a very major difference. The clerk is an employee of the Legislative Assembly, as opposed to the Provincial Treasurer, who is the minister responsible. This is a committee of both sides of the House, and the Law Clerk has some responsibility to both sides of the House. So that's why I suggest the third alternative.

MR. PAHL: Okay. I notice the destination of the recommendation is the Provincial Treasurer in both instances.

MR. PLANCHE: Mr. Chairman, I tend to agree with Mr. Clark when he talks about a little wider ranging comment than is precisely prescribed in the legislation. Because I think it's inevitable that in order to be effective you've got to wander some from a precise prescription. I'm troubled a little bit, though, with the idea of taking it through the Law Clerk, because that may add one precision onto another. I think the Provincial Treasurer would be supportive of a tendency to cover more of a spectrum of the whole Heritage Savings Trust Fund considerations than is prescribed in legislation. Therefore I would rather take it to him directly and have him begin to make the appropriate changes rather than take it to him in a legal way.

MR. CHAIRMAN: I'm sorry, the antecedent of "him" was the Provincial Treasurer or the Law Clerk?

MR. PLANCHE: I would favor position (1), so that we would get the flavor of what we have in mind directly into a change in the legislation rather than taking it in a legal sense.

MR. SINDLINGER: Mr. Chairman, in regard to Section 13(3), it's been my opinion that it's been very restrictive in that it refers the committee specifically to the annual report of the heritage trust fund. My personal preference isn't for a constrictive purview such as that. I feel our committee ought to look at many aspects of the Heritage Savings Trust Fund. So I've been pleased with the way you've been handling the committee to date in allowing people to range into other areas.

However, I'm also glad we're having this discussion, because it will enable us to determine what a consistent standard would be. For example, the first witness we had, the Provincial Treasurer, got up and made a major policy statement, which in my mind had nothing to do with the past annual report. On the other hand, some individuals have asked questions and yet been put down because they don't particularly pertain to that annual report. So I think an adequate precedent has been set in this committee, not only here but in other years, to enable the members to ask question which go above and beyond that annual report.

I'd also like to support Mr. Clark in his statement that there was more intended for this committee than just a review of that report. To substantiate or support that comment, I'd like to refer to a statement made by

the Premier in regard to this committee. In discussion of the committee his comments were that the committee would:

review the operations of the fund and to report to the Assembly any recommendations or suggestions for adjustment, alteration, supervision or guidelines for the operation of the fund or possible amendments to the legislation.

I think that adequately covers what I would consider a responsible purview for this committee.

MR. NOTLEY: Mr. Chairman, as I listen to the member I think we basically agree that the terms of reference should be sufficiently flexible that we are not constrained by the wording of Section 13 as it presently could be argued to imply. I think you could argue the other way too, and we certainly have the precedent of the last two years.

I suppose the major question at this point is whether in seeking clarification we ask you as chairman of the committee to approach the Provincial Treasurer, or whether we ask the Law Clerk and the counsel to the Assembly to make a written approach. It seems to me that since we are going to look at the question of an amendment which will be presented, presumably, to the fall session of the Legislature, it would be appropriate to have the Law Clerk do this, or the chairman and the Law Clerk in conjunction make the approach to the Provincial Treasurer. I think we have to look at the Law Clerk as what he is: the counsel to the Legislature and, for that matter, the counsel to this committee.

We want to make sure that when the amendment is drafted we don't get into this debate every single fall, because so far we have a track record: every single fall we spend at least some time discussing the terms of reference. We now seem to have a consensus on what we would like in terms of a fairly flexible range. I would hope we would take up the offer of the clerk; that we could draft the amendment in such a way that our intent could be clearly enough expressed that we don't get into the same sort sort of hassle every fall from here on in.

MR. FAHL: In view of the suggestions, I'd be prepared to alter my view, that we make the notion that the chairman of the committee with the assistance of the Law Clerk make the appropriate representation to the Provincial Treasurer.

MR. CHAIRMAN: If I could perhaps try to draw a consensus out of this. The discussion has I think been very useful, and personally I have appreciated it. There appears to be agreement that the thrust or intent of past debate related to this legislation as it was being passed, as well as an implied precedent in the way this committee has discharged its responsibilities in the past, would indicate that the committee should enjoy a wider latitude than perhaps is strictly indicated by the legislation as it is presently phrased. There also appears to be agreement that it would be useful to amend Section 13 insofar as it applies to this question of latitude, to avoid future misunderstanding. If I could draw a third thread of agreement, it is that I as chairman of this committee should continue to exercise discretion as I attempt to construe the implications of precedent and legislation. I'm happy to do that.

There is obviously a slight but not serious difference of view as to the most appropriate method to achieve the desired amendment. It seems to me that at the conclusion of the discussion -- I believe it was Mr. Fahl, and perhaps Mr. Notley also, who suggested perhaps a combination of Mr. Clegg's options (1) and (3): that is, that some joint presentation be made to the Provincial

Treasurer by me as chairman in consort with the legal counsel for this committee, Mr. Clegg. Is there agreement with that consensus as I have tried to summarize it?

MR. R. CLARK: Just with the last point, Mr. Chairman, and this is not reflection on you at all. I think it would be only fair to the committee that once you and Mr. Clegg have agreed what you feel is the adequate representation to make to the Treasurer -- if you want to do it after the representation is made I have no strong feelings there, but I think the committee should know what representation has been made on the committee's behalf to the Provincial Treasurer.

MR. CHAIRMAN: I think that's entirely fair.

MR. R. CLARK: I would feel better if it were done before, frankly.

MR. CHAIRMAN: Mr. Knaak, do you wish to speak to Mr. Clark's suggestion?

MR. KNAAK: Well, I'm just working on a motion here which may solve the problem, Mr. Chairman. The end result is going to be an amendment before the legislature. The legal input, whether it's the legal counsel for this special committee or not -- I don't know if that's the key to it. But my motion is just in draft form, and perhaps if we could get some input from other committee members we could finalize it.

That the committee recommend that an amendment be brought forward to The Heritage Savings Trust Fund Act to clarify the terms of reference and to broaden the terms of reference in light of the Premier's statements made at the time of the introduction of The Heritage Savings Trust Fund Act.

Now that motion isn't quite the way I want it. But I think that will handle the two parts: the clarification of the terms of reference and the broadening of the terms of reference. That's the kind of motion I'd like to see passed here. The details of how this amendment comes forth I don't think are a key consideration, if in fact the thing is clarified and the terms of reference broadened in light of what our recommendation was to be.

MR. CHAIRMAN: After I accept discussion of this motion, I would certainly be prepared to accept the motion -- if it was a consensus -- and then indicate to the committee what steps I would take in discharging that motion rather than having it incorporated into a very long motion, if that's the implication of your comments, Mr. Knaak.

MR. R. CLARK: Mr. Chairman, why are we dealing with this right now rather than making it -- and there appears to be agreement here; I certainly get that feeling. Why do we not make this agreement one of our recommendations that we will be making to the Legislature a few days after the session starts? Because then the government would have the opportunity to consider that as part of the report, along with the other recommendations, and then be in a position to bring in the legislation in the spring. The committee doesn't sit again till the fall anyway. If there's some reason why you want to do this right now . . . It does seem to me, though, that we should as much as possible incorporate this as a portion of the overall recommendations that the committee would be presenting to the House early in the session. As I say, if there's some reason I'm missing, I'd be very pleased to know what it is.

MR. CHAIRMAN: Any discussion of Mr. Clark's suggestion, which if I may simply repeat it is that the committee seems to be functioning reasonably well with the discretion that has been exercised by the Chair, and therefore there is no urgent need to put into motion an amendment mechanism, and perhaps that mechanism could very well await incorporation into the recommendations that are tabled in the Legislature by the committee.

MR. NOTLEY: I would agree with that, except that I wouldn't want us to feel constrained. You may recall that last week I made a notice of motion that we have a meeting after the annual report, as we agreed to last year and it just wasn't possible to proceed with it. If that's the understanding, that we would not be constrained by the narrow wording of Section 13, then I would agree to see the thing held off until we make the report. But if we are going to be constrained -- because I think there could be a number of recommendations we make that would relate to possible meetings after the end of the fall session. I don't think it has to be clearly related, but that's a matter the committee must decide on a specific motion.

So it's really a question of how you would interpret Section 13. If there is some ambiguity in your mind, then maybe it would be better that we got the thing clarified. If there isn't, and we can proceed with some flexibility, then I would have no objection to seeing the thing contained in the list of recommendations.

MR. CHAIRMAN: Before accepting Mr. Planche's comments, I would like to respond to that, because you have referred directly to me. I would agree that there is ambiguity in my mind, but that ambiguity arises from the wording of the legislation and not from my perception of the precedents and the House debate I referred to in my earlier comments. I feel very little ambiguity in that regard.

MR. PLANCHE: Because this is such an important issue, Mr. Chairman, I would prefer to have clarification before we get to the recommendation stage of where we're taking these deliberations. I think it might be useful for you to convey our concerns to the Treasurer. Either we could help you draft the concerns or when you get back you could explain to us what kind of conversation you had and what we might expect. But I think it's essential that we get clarification of what our terms of reference are before we get into the recommendation stage.

MR. CHAIRMAN: If I could refer, Mr. Planche, to page 2 of Mr. Clegg's September 5 memorandum to me, I might underline in option (3) how he describes the written approach "containing an argument for a clarifying amendment". Am I to take it from your comments that you feel it would be useful for me to obtain from Mr. Clegg that argument for a clarifying amendment for discussion by this committee before it proceeds into the recommendation process?

MR. PLANCHE: I don't know that you necessarily have to go through Mr. Clegg, but I think the Provincial Treasurer particularly should be aware of our concerns. I for one would like to know within what parameters we're going to discuss this thing rather than putting the onus on the Chair to make that decision from an ambiguity in the legislation.

MR. CHAIRMAN: Any further comment?

MR. SINDLINGER: The only reservation I would experience is that I would hope that whatever action does come out of this today does not impede the proceedings to termination of your schedule. I'd like to see that we proceed in the same fashion we have been.

MR. CHAIRMAN: I think that's a given.

MR. BRADLEY: I would favor an informal approach taken by the chairman to the Provincial Treasurer. I have some hesitancy with regard to making a recommendation from the committee to make an amendment to the Act, because that could lead us to . . . I wonder if it's within our purview as a committee to make recommendations for changes in the Act. I could see where we could come forward with recommendations from this committee in the future which would really be outside the purpose of this committee in terms of changing the structure of The Heritage Savings Trust Fund Act.

MR. R. CLARK: I don't want to destroy the feeling of similar point of view by all members, but it seems to me that here we are on an issue where there is general agreement. I cannot think of many issues in the Heritage Savings Trust Fund that should be more important than the terms of reference of the committee. If there's that feeling of uncertainty by members -- I don't share that feeling, because I think the combination of precedent and the statements made in the House . . . But I'm quite prepared to see us move along this line if that will make members of the committee feel more comfortable.

What I think is very important is the seriousness with which the government and the public take the recommendations from this committee. If this is a serious matter -- and I don't question that -- it seems to me it should be a part of our report, which really -- and I say this in as gentle but as firm a way as I can -- becomes a test to the public and to the committee of how seriously our recommendations are taken. That's frankly why I think on a matter of this kind of importance -- if that's the importance members place on it -- we should look to the committee route. It does provide the government with an opportunity to move on that recommendation and, from the government's point of view, show that it's listening to the committee. But I think the committee should not water down its one day of its report being tabled in the House and the discussion which follows.

MR. CHAIRMAN: Thank you. It seems to me we have two fundamental questions. I'd appreciate resolving these two issues now. Number one, do we adopt the suggestion made by Mr. Clark and others that we incorporate into our report these concerns and a recommendation; or, alternatively, do we deal with it now? If the feeling is we should deal with it now, the second question is: by what means -- a direct approach to the Provincial Treasurer by me, or an approach to the Provincial Treasurer by me and the Law Clerk with his summary of arguments in favor of an amendment?

Could I now deal with the first question; that is, do we make these concerns and our recommended action a part of our report tabled in the House a month from now, or do we deal with it now?

MR. R. CLARK: I would move that the committee ask the chairman to meet with the Law Clerk and bring back to the committee for consideration at the conclusion of our hearings suggested changes to the appropriate section that would embody the spirit which has been basically agreed upon here this morning; that is, that this committee should have a rather broad-ranging

mandate in keeping with the commitment given to the Legislature by the Premier.

MR. KNAAK: I guess my reaction is that if you're discussing something and your mind is geared to it, let's deal with it and dispose of it, rather than rehashing this thing again when we'll have a lot to do in drafting our recommendations. I sense that there will be some disagreement, even though we all agree that the strict interpretation of the present guidelines is very, very narrow, and that probably does not capture the intent that was designed for this committee. But I sense that the very broad-ranging ability to question may not be quite as broad in my own view.

My own view -- and let me just repeat it, only for the purpose of seeing if there is a consensus -- is to discuss the investments of the Heritage Savings Trust Fund, to evaluate them, possibly to make recommendations, and to recommend any necessary changes to the Act. I don't think it's the responsibility of this committee to question departments on the activities of the department in the same manner that we do during budget and during the estimates.

So what I'm really trying to say is that surely the select committee of the Legislature on the Heritage Savings Trust Fund must be confined to those matters relevant to the Heritage Savings Trust Fund. I don't know if that is different from what the Leader of the Opposition suggested or not, but if he agrees with the points I made I'm prepared to move a resolution now, or after a five-minute adjournment anyway, so that I can get the wording right, so that we can dispose of this matter now. What I would really suggest, I suppose, is a five-minute adjournment so that we can draft a resolution which is acceptable, and then pass it and dispose of the matter. The only difficulty I have is in getting wording that I'm satisfied with. But as far as I sense, if we make a reference to the Premier's intent we're not far wrong, other than misinterpreting or having different interpretations of the Premier's intentions in his statement, which I presume represented government policy.

MR. NOTLEY: Mr. Chairman, I think I could be much more comfortable with the Premier's intent than with Mr. Knaak's interpretation of the Premier's intent. Therefore, he asked whether there was consensus, and I'd have to say that I think his definition is much narrower than the Premier's, with great respect. I think the responsibility of the committee is to . . . During the hearing process, when we have ministers here, obviously they are reasonable rules of relevance, but if one is going to ascertain whether or not the investments from the heritage trust fund are reasonable, one has to be able to relate that to what the department is doing. Are we duplicating something, could it be done more efficiently through the capital works expenditures of the provincial government -- there are all sorts of questions that one could say, well, this doesn't really relate to the heritage trust fund *per se*.

If we take a very narrow approach, Mr. Chairman, what we'll be doing is by inadvertently narrowing . . . When at the time, in 1976, the concept of this watchdog committee, if you like, this review committee, was to be that in the largest sense we would look at the investments but also be in a position to make reasonable recommendations not only about the Act -- and I think that quite clearly if one reads the Premier's speech we can make recommendations about the Act -- but as to whether or not the funds have been invested properly, or suggestions as to how they might be invested suitably in the future. I don't think there was any effort in 1976 to constrain the purview of this committee.

MR. SINDLINGER: Mr. Chairman, I move we adjourn until 11:15 to enable Mr. Knaak to come up with a proposal.

MR. CHAIRMAN: Before we deal with that, I'd like to make a comment or two and perhaps an alternative suggestion that might be acceptable to all. Of course we do have before us a motion from Mr. Clark that we haven't dealt with yet, and that is that the chairman meet with the Law Clerk and bring back to the committee at the conclusion of our meetings his suggested changes to the legislation. We have also Mr. Knaak's request for a five-minute adjournment so that he can prepare a motion to his satisfaction. Then we have I suppose a subamendment to that motion by Mr. Sindlinger indicating it should be fifteen minutes.

As an alternative, could I elicit from you your view on this suggestion: we do meet this afternoon at 2 o'clock; perhaps we could use the interval from now till then to think through all the comments that have been made as well as to give Mr. Knaak a fuller opportunity to deal with his notion as he sees fit, and deal with it perhaps later in the afternoon when we have completed our interrogation of Mr. Leitch. Agreement on that? With that, then, we'll adjourn until 2 o'clock.

The meeting adjourned at 11:00 a.m.