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Standing Committee on The Alberta Heritage Savings Trust Fund Act

Monday, October 15, 1979

Chairman: Mr. Payne

7 p.m.

MR. CHAIRMAN: As reluctant as I am to interrupt the conviviality of the hour, I'd like to call to order this meeting of the Select Committee on The Alberta Heritage Savings Trust Fund Act. Each of you should have copies of two redrafted recommendations, courtesy of Mrs. Fyfe, and three recommendations submitted today, one from Mr. Bradley and two from the Leader of the Opposition.

I would like to suggest a sequence of recommendations for discussion tonight: that we deal with three redrafts, the two from Mrs. Fyfe and Mr. Sindlinger's redraft of Recommendation No. 2 on Housing. Once we get past those three redrafts, then on to the three irrigation recommendations, then resume debate on Mr. Notley's Transportation recommendation regarding rail links, on which, you may recall, we adjourned debate when we last met. Do I have agreement on that suggested sequence?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Mrs. Fyfe, would you then like to comment, first of all, on the redraft of Recommendation No. 1 on Transportation, which I believe is a composite of recommendations submitted by the Leader of the Opposition and Mr. Notley?

MRS. FYFE: I think we're dealing now with the redraft of the redraft, which is a single sheet. I hope I was able to incorporate the thoughts of the committee members from our last meeting. The recommendation tried to communicate our concern for the upgrading of primary and secondary highways, in addition to directing where the funds should come from, which is a change from the previous two years in that we are recommending that the funds not come from the Heritage Savings Trust Fund but from the General Revenue Fund. We also sort of snuck in an additional direction that it would be a block funding over a minimum of five years. I thought that tried to incorporate the two recommendations, which had five or 10 years. I thought this would leave it open, but not less than a five-year period.

HON. MEMBERS: Agreed.

MR. CHAIRMAN: I feel obligated to give Mr. Clark an opportunity to read . . . Did I hear an expression of agreement? Okay, we appear to have agreement, then, on the redraft of Transportation Recommendation No. 1. Thank you, Mrs. Fyfe.

Moving, then, to Mrs. Fyfe's redraft of the Public Lands Recommendation No. 1. Would you care to comment, Mrs. Fyfe?

MRS. FYFE: The concern in the original recommendation, which was withdrawn, was that in the reporting, I felt, the funds were not necessarily very accurate towards budget. The explanations from the minister or ministers involved were that often these are more than a one-year program. So in trying to incorporate that concern, the recommendation now asks that we have the amount of money expended in the one year, together with the total budgetary figure for the program. I thought that would reflect more accurately what portion of the one-year program is being spent, compared to the total.

MR. CHAIRMAN: Discussion?

MR. R. CLARK: Mr. Chairman, the only thing I might suggest is that in addition to both the amount expended in the reporting year and the total budgetary figure for the program -- I look at, let's say, a project like the Health Sciences Centre at the university. I think the two suggestions by Mrs. Fyfe are excellent there, if we just include how much has been spent to date. So if we're in the second or third year of a project, we'll know we've spent \$35 million out of \$75 million. If that's the intent, Mrs. Fyfe, then I've misread the amount. But for both the amounts we've spent in the reporting year, if we were simply to say, amounts expended, or make a third provision so that we had amounts expended in the reporting year, amounts expended to date, and then the projected total.

MRS. FYFE: Yes, I'd say that's reasonable. The intent was to give as much information as possible in the report as to where we are in the total program. If it is a five-year program, that's probably a very reasonable suggestion to include unless, I suppose, we looked back on the previous years. I'm not actually sure how easy it would be to incorporate all the figures in the report, as that information would be available in the previous years' reports.

MR. KNAAK: I support Mr. Clark's recommendation.

MR. CHAIRMAN: Any further discussion? Agreement, then, on Mrs. Fyfe's redraft for the amendment suggested by the Leader of the Opposition? Mrs. Fyfe, could I ask you to make a notation on your copy of that redraft and give it to Karen Walker, so that we have it in a form that reflects the discussion we've just had? Thank you.

MR. APPLEBY: Mr. Chairman, the insertion there would be the total amount expended to date as well, would it be?

MR. CHAIRMAN: Yes.

On the last occasion we met, if my memory serves me correctly, Mr. Sindlinger, you had been directed by the Chair, after discussion by the committee, to redraft Housing Recommendation No. 2 to make it less specific in its references to mortgage amounts and so on. I'd like to advise members of the committee that since the last occasion we met, Mr. Sindlinger has indicated to me growing reservations about doing that. I'll now ask him to speak to those reservations.

MR. SINDLINGER: Mr. Chairman, I asked to withdraw the recommendation and give it further consideration, in light of some comments I made at the time. This time I'd like to withdraw the recommendation entirely.

MR. KNAAK: Rather than withdraw it, what I would like to see -- and I argued the point last time -- I think it's time for this committee to establish the principle, and I know everyone does not agree with me on this point. But what I would like to see, Mr. Chairman -- and that's why I would like the original resolution forward and voted on -- I would like to see if the committee can establish a principle, one way or the other, that it's not up to the committee to examine the details of a department when there is, in fact, block funding to that department in areas other than the capital expenditure. I agree that in the area of capital expenditure, if we're going to examine that, we'll have to examine a specific program. But on block funding under the Alberta investment division or Canada investment, I don't think we should examine the details of the application of the funds. This would be one of the examples.

MR. CHAIRMAN: Discussion either of Mr. Sindlinger's comments on his suggestion that he withdraw his recommendation, or of Mr. Knaak's comments?

MR. NOTLEY: It's always been a fairly straightforward position that if a member wishes to withdraw something, other members would respect that. So it seems to me that the debate on the issue really ceases. As to whether or not we wish to discuss the broader principle that Mr. Knaak raised, I think we deal with that as a broader principle. But as far as this specific issue is concerned, if a member wishes to withdraw it, then as far as I'm concerned it's straightforward: it's withdrawn.

MR. CHAIRMAN: Thank you, Mr. Notley. That is also the view of the Chair, Mr. Knaak. But I appreciated hearing it from a member of the committee. So with that implied agreement, Mr. Sindlinger's Recommendation No. 2, found in the Housing section, is withdrawn.

I'd now like the members of the committee to turn to the Irrigation section of our binder of recommendations. By way of reminder, Mr. Speaker was absent from one of our earlier committee meetings when we were scheduled to discuss this section, and at the request of the Leader of the Opposition such discussion was deferred. I now feel that it's timely. It is in the binder, of course, between the Public Lands and Housing sections. We have three recommendations, one submitted by the opposition, one by Mr. Pahl, and one by Mr. Notley. I regret that the circumstances give rise to our discussion in Mr. Pahl's absence, but under the circumstances I feel it's appropriate, and I'm sure Mr. Pahl would have no objection. Perhaps one of our committee members could speak to Mr. Pahl's recommendation.

But first, let's take them in order as they appear in our binders. Mr. Clark or Mr. Speaker, do you wish to speak to Irrigation Recommendation No. 1:

That
adequate
money be
provided
through the
Heritage
Fund to
include
rehabilitation
and
headworks in
irrigation

districts
and drainage
and land
rehabilitation
for farm
lands
outside
existing
irrigation
districts.

MR. R. SPEAKER: Mr. Chairman, if I could speak to the resolutions, and possibly I'd like to comment on all three. I think the intent of all three is the same. I don't see a distinct difference between 1, 2, and 3. In the resolution we've presented, I think that, number one, we're sort of endorsing what the government has done with regard to flow control on some of the major rivers of Alberta. Secondly, we're endorsing the idea that rehabilitation of irrigation districts should continue. Thirdly, I think we're placing a greater emphasis on the idea that areas outside irrigation districts, and some distance away too, should receive attention as well. I can think of areas in southern Alberta just adjacent, where a private dryland farmer who has an irrigation canal running through his land is affected by seepage, but he has no access to funds, either low-interest funds or government grants, to eliminate this seepage. Now, that's adjacent to irrigation districts. He's on his own to pay the full capital cost for rehabilitation. In northern Alberta we have areas, for example, where drainage is necessary.

The resolution we're presenting here is general in a sense, broader, but it does give a directive to government saying that this committee would support that kind of thing from the Heritage Savings Trust Fund.

MR. CHAIRMAN: Thank you, Mr. Speaker. I agree with your observation that there is some similarity among the three recommendations. Would any committee member like to comment on Mr. Speaker's comments or his recommendation or, indeed, Mr. Pahl's recommendation?

MR. BRADLEY: I would like to speak to the three recommendations. I think they all have merit, particularly with regard to the expenditure of funds for rehabilitation of our existing irrigation districts. I think that has to be our number one priority in terms of expenditure of Heritage Savings Trust Fund money, under that capital projects division appropriation.

Mr. Pahl's recommendation deals with the efficiency of water use, and drainage concerns are also included in the recommendation of the Official Opposition. I think we should have a rewording, and come up with a new recommendation that takes all three into consideration.

I have some concerns about the expenditure of funds outside the present irrigation districts. I think we'd have to look at that quite carefully.

MR. CHAIRMAN: Mr. Notley, would you care to comment on your recommendation, particularly inasmuch as it makes a specific geographic reference that the other two do not?

MR. NOTLEY: Well, Mr. Chairman, I really don't think a great many comments need to be added. I made particular reference to the ECA report, and the fact

that not all of it, but a large part, is in the Oldman River basin. I rather think that the recommendation from the Official Opposition covers the thing a little more broadly.

But I have some sympathy for Mr. Bradley's point that we want to confine this to irrigation. That may sound rather strange, because in northern Alberta we have the opposite problem, drainage. But I think we should deal with that opposite problem as a separate issue. As I recall, last year or the year before, we put in a recommendation concerning drainage. I may be wrong, but it seems to me we did. I would sooner do that than try to include the specific problems of drainage in the northern part of the province with the issue of irrigation in the south. I think both are important; both can and probably should stand on their own.

But I do think we need to expand the potential for irrigation, because our irrigation area includes more than just the Oldman River basin. It seems to me that in that sense, the first resolution we have is a little more comprehensive and would be more useful.

MR. APPLEBY: Mr. Chairman, I have some difficulty here. I was under the impression that we have an ongoing program, a considerable amount of money that is going to be spent over a period of years on irrigation programs. I just wonder if this is true, and if it fits in, or where it comes in.

MR. CHAIRMAN: Mr. Speaker, would you like to respond to that question from Mr. Appleby?

MR. R. SPEAKER: In the ECA report is a recommendation for the Lethbridge Northern Irrigation District of some \$300 million. The present commitment from the Heritage Savings Trust Fund is \$200 million for irrigation rehabilitation and headworks facilities. I think it's about a 60:40 split at the present time, which means the funds are inadequate to meet the needs not only of the one report, but there are three other major districts that will require the same kind of funding. So we're talking about many more dollars than the \$200 million presently committed from the fund.

MR. MUSGREAVE: Could you tell a city boy how much they've spent so far of the \$200 million. Do we know?

MR. CHAIRMAN: I regret the Chair does not know. Mr. Speaker, would you know?

MR. R. SPEAKER: It's in the report, actually. It was \$9 million one year. I think it's around \$30 million, if I remember correctly.

MR. CHAIRMAN: Yes, page 56, Schedule 3.

MR. MUSGREAVE: Mr. Chairman, it strikes me as rather strange that we're prepared to spend hundreds of millions more when we've spent about 15 per cent of the present allotment.

MR. NOTLEY: Not really at all, because really the concept at the present time, with the \$200 million allocation we have -- over 10 years, I should point out, too -- certain things can be done with the \$200 million. But if we are to give force to the ECA report, for example, that places a good deal of emphasis on relining canals and rehabilitating the existing system, we're going to have to make more funds available. So I guess it's really a question of how we see

the investment and its extent. If we commit ourselves just to the \$200 million program already in place -- I've had some irrigation people tell me that one irrigation system, I think the Lethbridge Northern irrigation system, could use the entire \$200 million, not just the 40 per cent which is allocated for rehabilitation.

So I think in all three recommendations is the underlying assumption that the price tag is going to be somewhat higher than \$200 million, and that we have to face that fact. If we're going to plan properly -- certainly to give force to the ECA recommendations, anyway -- it's going to take more money. The ECA has suggested, as Mr. Speaker has pointed out, something over \$300 million.

MR. STEWART: Mr. Chairman, I think Mr. Notley has said exactly what I had in mind: that the irrigation rehabilitation program that was envisioned with the \$200 million was a 10-year program. If you're going to have planning, you can't suddenly start taking that \$200 million and dividing it across the province. I think what we're really saying in all these recommendations is that there are other circumstances that would qualify, but that we shouldn't be trying to make it all-encompassing in a \$200 million program. I don't think it's practical; you can't plan on that basis.

MR. R. SPEAKER: Just for Mr. Musgreave's information, the reason the irrigation districts haven't spent the large sums of money to this point is that it took a year for initial planning of their program. At this point in time they do have something like a 10-year plan prepared, and funds will be spent at an accelerated rate in the next seven, eight years.

MR. KNAAK: Mr. Chairman, I was just going to comment on Mr. Pahl's recommendation. The first part fits in, but I think Mr. Notley is right. Perhaps the 'de-watering' should be somewhere else; maybe that shouldn't be dealt with. But he says:

That
consideration
be given to
apportioning
a percentage
of the funds
dedicated
for
irrigation,
rehabilitation
and
expansion to
research
into the
more
efficient
use of water
and the
suitability
of further
irrigation .
.

So the way I understand it, the initial recommendation isn't for further irrigation, is it? Perhaps Mr. Speaker can somehow incorporate the intent of both in one recommendation.

MR. R. SPEAKER: I would agree with that, Mr. Chairman.

MR. CHAIRMAN: Well, we have a suggestion, and agreement from Mr. Speaker, that he attempt to consolidate recommendations 1 and 2. What are the committee's feelings about Recommendation 3? Do you see it as part of that consolidation also, or as a separate recommendation?

MR. NOTLEY: It's really not necessary to deal with No. 3 separately. It seems to me that basically it can be included in No. 1 easily enough, so I really wouldn't worry too much about it. Its spirit is covered in 1 and 2.

MR. KNAAK: Mr. Chairman, perhaps Milt Pahl and Mr. Speaker, if that's acceptable, should form a committee and come to our next meeting with a combined recommendation.

MR. CHAIRMAN: Mr. Pahl is in eastern Canada, I believe, for the next couple of days. I think that's a worth-while suggestion. Mr. Speaker, if you could wait for Mr. Pahl's return, then meet with him and attempt to consolidate all three of these Irrigation recommendations into one, for when we meet next. Is that agreeable?

MR. R. SPEAKER: Sure.

MR. CHAIRMAN: Agreement by the committee?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Mr. Appleby, did you wish to comment?

MR. APPLEBY: Yes, Mr. Chairman. I was just looking at the phrase "de-watering projects". As Mr. Knaak and Mr. Notley have said, that opens up another subject, I think. I know that in certain areas of the province, particularly in the north, we're faced with a lot of drainage projects that could be undertaken for reclamation of land. I was wondering if maybe they could incorporate another resolution regarding that.

MR. R. SPEAKER: We'll certainly attempt that.

MR. CHAIRMAN: Did you have a comment, Mr. Notley?

MR. NOTLEY: I'm almost certain we had one last year or the year before.

MR. CHAIRMAN: I don't believe it was last year.

MR. NOTLEY: It may have been the year before. In that case, there's certainly nothing wrong with making it again. It's a good point, you know. I certainly agree with Mr. Appleby's suggestion.

MR. CHAIRMAN: Perhaps we could resume debate, then, on Mr. Notley's Transportation Recommendation No. 3, on the subject of rail links in the

northern part of the province. Mr. Notley, inasmuch as we adjourned debate, I believe, while you were discussing it, did you wish to resume the debate yourself?

MR. NOTLEY: Only briefly, Mr. Chairman. Mr. Sindlinger had requested some information. I have obtained from the NAR estimates of the tonnage from different areas, which may be of some interest to committee members. In the Fairview-Hines Creek-Bluesky area, we're looking at 2,146 tons in Bluesky, 41,617 in Fairview, 68,570 in Hines Creek. In the High Prairie region -- which would take the bulk of the tonnage of at least the grain that would be supplied to a link south to Fox Creek, although not the other type of hauling -- 41,983. Rycroft and Spirit River, 33,865 and 36,302 respectively. Unfortunately, I wasn't able to obtain the figures for Manning and north from the CNR, which operates the Great Slave railroad.

MR. BORSTAD: I think I could support the suggestion, if we deleted all the lines on the bottom -- Fox Creek to Valleyview, Spirit River to Dawson Creek, and the rest -- and went down to the point "in northwestern Alberta be undertaken". The reason for that is that I think you also have to take a look at the PG & E line from Dawson Creek to Prince George, because I'm not sure that that doesn't need some studying too, if you're going to do an overall study to complete the job.

MR. SINDLINGER: Mr. Chairman, through you to Mr. Notley. Why would a cost/benefit analysis of this type not be undertaken as a regular function of a government department, rather than the heritage trust fund?

MR. NOTLEY: Well, I suppose one could argue that it should be. The reason I would argue that we should look at it as we did last year is that, number one, were we to make an investment in rail beds, presumably the only place the Alberta government could find the money for that sort of investment would be from the heritage trust fund. It would be consistent, for example, with the statement on rail beds that Mr. Peacock made at the western economic conference in 1973. But before we made any kind of investment of that nature, I think we'd want to make sure we had a full-scale study of the cost/benefits, and the provincial implications as well. We discussed this last year, Mr. Chairman, and one of the problems is that the Crow rate does not apply on the present BCR.

As far as Mr. Borstad's recommendation is concerned, I'd have no difficulty with that at all. It seems to me that if we wanted to strike the specifics -- the reason I proposed those four is that those are the ones most often discussed. But by all means, I think we would want to. If we're going to talk about the interprovincial implications, for example, we're obviously talking about the BCR. So I would have no difficulty with Mr. Borstad's suggestion that we strike the four identified links, and deal with the larger principle.

MR. CHAIRMAN: In other words, deleting all after the word "undertaken"?

MR. NOTLEY: That's right.

MR. APPLEBY: Mr. Chairman, we're going to be in a complex area in dealing with this study, if it is undertaken, because we have the possibility of working with the NAR, the ARR, and the CNR. There might be some problems getting co-

operation from all jurisdictions in the same manner. However, I would still support the recommendation, with the deletion suggested. But I would actually like to see the recommendation perhaps a little more comprehensive.

I would suggest that it be stated in this manner: that after "feasibility of rail links" we insert "and rail line upgrading", and change "northwestern" to "northern". So it would read "and feasibility of rail links and rail line upgrading in northern Alberta be undertaken." The recommendation would stop there.

MR. KNAAK: Mr. Chairman, I think I have the same concern Mr. Sindlinger has. It's not that I don't agree with the spirit of the recommendation; it's just the question of where to put it. I wonder if the committee would have any objection to dealing with this recommendation in the same manner that we dealt with the one on highways. Even though that recommendation doesn't deal strictly with funding from the Heritage Savings Trust Fund, we have put it forward as a recommendation. So what I'm suggesting here is that rather than have the heritage trust fund used for research of this kind, and if we're getting involved in areas that would normally be part of departmental operations, I would like to see the recommendation worded in such a way that this funding be undertaken as part of the economic diversification strategy -- in fact, that this kind of study be undertaken by the Department of Economic Development, as opposed to strictly by the Department of Transportation.

MR. SINDLINGER: Mr. Chairman, I'd like to speak against this recommendation for two reasons. First of all, I believe that cost/benefit analyses and studies of this type are undertaken continuously by the federal and provincial government departments, and by the railways as well. If there were any merit to pursuing this, even any indication that the benefits might approve the costs, these things would have been undertaken a long time ago.

Secondly, with regard to Mr. Notley's response as to why we ought to be looking at this as a heritage fund investment. If I recall correctly the proposal on road beds by Mr. Fred Peacock, then Minister of Industry and Commerce, to the 1973 Western Economic Opportunities Conference, the recommendation made to the federal government was not that an investment be made in road beds, but that the road beds as they existed be made available to different railways to run their trains over them, regardless of the ownership of the rail beds at the time. So I don't think there's any foundation to suggesting that we ought to do this, or that there was any suggestion in the past that the province invest in the rail beds; rather that they just be made open to railways, as the highways are open to vehicular travel at this particular time.

MR. NOTLEY: Far be it from me to try to promote a difference of opinion, good heavens. (laughter) But I think that if we review the proposition not only put forward at the western economic conference, but submitted rather eloquently to this Legislature a few months after that conference, in fact what the government was talking about was rather more substantial than Mr. Sindlinger suggests. Certainly one of the advantages of public ownership is that it would be a common carrier, but what Mr. Peacock was suggesting was none other than nationalizing the road beds. Having been a participant at that economic conference, I can still remember the astonishment on the faces of most of the delegates as a minister from Alberta made this suggestion, which I think had merit then and I suspect has merit now. But rather than get into that . . .

MR. R. CLARK: Especially the Premier of Saskatchewan.

MR. NOTLEY: Yes, I think the Premier of Saskatchewan was as astonished as anyone else. I think the question of the ongoing nature of cost/benefit studies has to be answered, because perhaps that is a more serious criticism. I would simply say that we have had some fairly major studies, Mr. Chairman. We've had the Hall commission hearings, and the findings of the Hall report. One of the recommendations of the Hall report was that at least two of these links be undertaken. We've had the submission made by the government of Alberta to the Hall commission, which suggested a northwestern rail authority.

So in my judgment, it isn't sufficient to dismiss the idea by saying that it would have been built; there are all sorts of things that would have been built. You know, if we took that argument we wouldn't be making any of the recommendations that we've made or plan to make in this committee. There has been a good deal of investigation. But I would raise it again, Mr. Chairman, in the context of efficiently moving goods and services from northwestern Alberta, in view of the very substantial commitment we're now making in Prince Rupert. And it does substantially reduce the distance, 400 to 500 miles one way. I don't think we can overlook the importance of that.

I certainly agree with Mr. Appleby's amendment. It seems to me we should be looking at the entire problem of rail lines in northern Alberta.

I don't have any difficulty with Mr. Knaak's suggestion that we should ask the Department of Economic Development to do the study; that's fair enough, as far as I'm concerned. But I would like to see the committee reassert the importance of getting this study under way.

MR. CHAIRMAN: Before inviting Mr. Sindlinger's supplementary comment, I'd like to clarify that we have before us Transportation Recommendation No. 3. A suggested amendment by Mr. Appleby would include a reference to rail line upgrading and changing the word "northwestern" to "northern". Mr. Sindlinger has spoken against the recommendation, with or without the amendment. Mr. Knaak has suggested that the recommendation go forward, but that it be allied with the Department of Economic Development, and perhaps be cast in broader terms. Then we have Mr. Notley's supportive comments, inasmuch as it's his submission.

MR. SINDLINGER: Mr. Chairman, I would have to go back and look over those WEOC transcripts, and stand corrected if that's the case, in light of the comments by Mr. Notley. I was familiar with WEOC; in fact, I did a great deal of the research and writing for those statements. Inasmuch as I had written them, I thought I was fairly familiar with them. However, I would stand corrected if that's the case. (laughter)

With regard to some of the numbers Mr. Notley has given us, I was writing very quickly and I'm not too sure if I have the total tonnage correct. But I thought he gave us six numbers, and the total tonnage I get is about 200,000 tons. I've just divided that by 20, which is the number of tons you can put in one truck, which gives you 10,000 truckloads over a year. If you have 10,000 truckloads a year, that would amount to maybe 45 trucks over the period of a year?

The point I'm trying to make is: if you could haul all this tonnage with only 45 trucks, I would suggest that the capital investment for 45 trucks is much less than the capital investment for any number of the rail links indicated in this motion. The last time we were together, we ballparked

a capital cost for those lines, and came up with something like \$260 million. I'd suggest you could buy a hell of a lot more than 45 trucks for \$260 million.

Therefore I would recommend that we vote against this recommendation, on that basis alone, notwithstanding the fact that it should not stand, since the work it recommends here is carried out regularly by government departments.

MR. CHAIRMAN: Mr. Notley, would you care to respond to Mr. Sindlinger's arithmetic comments?

MR. NOTLEY: I really think that getting into a whole series of ballpark figures back and forth is not overly productive. Presumably if we were talking about commitment of funds from the heritage trust fund to build these rail links, I think we'd be looking at a different matter. We're talking about a cost/benefit study, and presumably any such study would take these figures into account. Just off the top of my head, I think Mr. Sindlinger may be a little optimistic in his conversion tables.

I would say that the question of trucking did come up very extensively at the Hall commission hearings in northern Alberta. Mr. Justice Hall came down quite strongly in favor of rail transportation as opposed to trucking.

MR. BRADLEY: In view of Mr. Notley's agreement, I would further like to amend the recommendation before us, and add "and such study to be undertaken by the Department of Economic Development".

MR. SINDLINGER: One question I would put before the committee is: if we establish a precedent at this point in time in recommending that a full-scale cost/benefit study be undertaken on this subject, does that mean that if there are any other areas -- and I'm sure there are many -- where we could make a recommendation with regard to economic activity in the province, given the fact that there are so many areas where we could do that, could we next come up with a recommendation saying we should undertake cost/benefit studies of this area, this area, and that area? It seems unlimited to me.

MR. CHAIRMAN: Would Mr. Notley or any other supporter of this recommendation care to respond to that rhetorical question.

MR. R. CLARK: Mr. Chairman, I haven't taken part in the debate, but it seems to me, Mr. Sindlinger, that each proposition put forward, whether for cost/benefit studies or whatever else, has to carry the judgment of this committee. I think that becomes the bottom line on any resolution that any member puts forward: can it carry the judgment of the committee or not?

MR. KNAAK: In light of Mr. Sindlinger's comments, I'm beginning to be concerned about whether our cost/benefit study is going to cost as much as the 45 trucks. So I'm wondering, Mr. Notley, if you have any upper limit in mind. I suppose 45 trucks would cost somewhere around \$3 million or \$4 million, and I don't know how much such a cost/benefit study could be.

MR. NOTLEY: Mr. Chairman, I do not want to get into a situation where we're using ballpark figures. If we use ballpark figures for the total amount it may cost, how many trucks it may involve, frankly I think we get ourselves so

bogged down that we can't make a very reasonable proposal. I don't know whether 45 trucks -- it would strike me that that's a gross underestimate. But I'm not going to spend two hours tonight debating how many trucks are involved.

AN HON. MEMBER: Big trucks.

MR. NOTLEY: Yes, big trucks. The question is whether we can go ahead with the proposal. It seems to me that there would obviously be some reasonable limit. I have some confidence in the Department of Economic Development, and I would suspect that they would exercise good and prudent judgment, along with the new transportation co-ordinator for Canada.

MR. STEWART: Mr. Chairman, due to the thrust of economic development in trying to develop a better rail link with Prince Rupert, and recognizing the Peace River block as an area that would have a great advantage in having a close rail link and a better transportation system to tidewater, I was going to make the recommendation that the Department of Economic Development do a feasibility study on a better transportation system out of the Peace River area to tidewater. I would like to leave it at that. But I'm not convinced that we know the ramifications of whether this railroad will do it, or that railroad. But I think that department should be charged with the responsibility of looking at the total package and coming back with a recommendation that maybe the heritage trust fund could be the vehicle for financing. I don't think we want to get boxed into too many details in our recommendation.

MR. CHAIRMAN: May I have committee agreement on Transportation Recommendation No. 3 as submitted by Mr. Notley and amended by Mr. Appleby -- that is, with the inclusion of the reference to the rail line upgrading in northern Alberta -- and with the reference to the assignment of the task to the Department of Economic Development, as suggested by Mr. Bradley and endorsed by others.

SOME HON. MEMBERS: Agreed.

MR. KNAAK: Well, the only point is that it's assigned to the Department of Economic Development, but also funded by the department. The idea is that it's not supposed to be funded from the trust fund. That was my recommendation, and I think Mr. Notley agreed to it.

MR. NOTLEY: I believe that's what Mr. Bradley said, that that study be undertaken by the Department of Economic Development . . . (not recorded)

MR. BRADLEY: That's certainly what I intended. By "undertaken" I meant "funded". I thought that included that.

MR. CHAIRMAN: I take it, then, we have committee agreement? I'm sorry, Mr. Appleby.

MR. APPLEBY: I'm just checking on that one word: "northwestern" is changed to "northern", is it?

MR. CHAIRMAN: That's correct. We have that change, we have the inclusion of "rail line upgrading", and the addition of the words "by the Department of

Economic Development" after the word "undertaken", with the deletion of the specific references that followed in the original recommendation. Agreement?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Thank you.

MR. SINDLINGER: Mr. Chairman, I'm sorry. I'm not quite clear on this. Are we recommending that this be funded by the Alberta Heritage Savings Trust Fund?

MR. CHAIRMAN: No, I think the words "undertaken by" imply that it's being funded by the department out of general revenues.

MR. SINDLINGER: Again, on a point of clarification. I might have been asleep for the last month we've been in here, but why are we making recommendations relative to things not included in the heritage trust fund?

MR. CHAIRMAN: Well, that's a good question. I don't want to anticipate discussion, Mr. Sindlinger, but may I remind you that it was a request of the 1978 heritage fund committee.

MR. SINDLINGER: May I respectfully submit then, Mr. Chairman, that perhaps the changes we've made here take this recommendation entirely out of the purview of this committee, and it's *ultra vires* our terms of reference, whatever they may be.

MR. BRADLEY: This line of referring this particular recommendation from a previous year, as we did previously with the road transportation recommendation -- I think we're dealing with it within the committee. We had the recommendation last year, and now we're saying, well, this is the way we'd like to see it go. We're actually taking it out of the Heritage Savings Trust Fund committee recommendations. I think that's a wise way to approach some of these recommendations, if we don't feel they float out of the fund: that we direct them to where they properly should end up. I would justify it on that basis.

MR. NOTLEY: Yes, I think Mr. Bradley's point is well taken. And the other point I think we want to make, too, is that there may be other occasions where we consider the feasibility of investments from the heritage trust fund but where, as a trust fund committee, we want to have a thorough study done before we make any recommendation. That's certainly appropriate. If we're going deal with potential future investments from the trust fund, several other recommendations have been made by other members which essentially say that we want to be able to look before we leap.

MR. KNAAK: Mr. Chairman, on the first point I was hoping you would change the wording to "undertaken and funded by". I was supporting it on the assumption that it would be undertaken and funded by the Department of Economic Development, and I don't know if that wording is part of it now or not. I think everyone supports that.

In terms of Mr. Bradley's comments on why we're dealing with this, I would support that same explanation. I know not everyone agrees on this point, but I would really like to see this committee deal with items strictly within expanded terms of reference. Hopefully we'll have expanded

and clear terms of reference for the next meeting, so we don't spend quite as much time arguing on these kinds of points. I see this, even though it's not to be funded from the Heritage Savings Trust Fund, as really a cleaning up of matters from past recommendations, and really showing a direction of how we'd like to see it done in future. That's my explanation to Mr. Sindlinger on that as well.

MR. CHAIRMAN: Mr. Sindlinger, do you wish to respond to those three answers to your question from Mr. Bradley, Mr. Notley, and Mr. Knaak?

MR. SINDLINGER: Yes, Mr. Chairman. I think that if the reason we're putting this in this time -- as I gather from the comments that have just been made -- is to show its relationship to the recommendations made in the two prior years, that reason ought to be noted, along with our recommendation. A note ought to accompany this recommendation saying: we made these recommendations before, we no longer feel they ought to be funded by the heritage fund, and we want to make that known to the Legislature or whoever. But clearly to me, if we're saying that this ought to be funded and undertaken by the department, and that has nothing whatsoever to do with the Heritage Savings Fund, other than the fact it was made as a recommendation in the last two years, there has to be a qualifying note.

MR. CHAIRMAN: Any further discussion?

MR. KNAAK: I for one would have no objection to a qualifying note.

MR. APPLEBY: Mr. Chairman, I think we're in a rather unfortunate situation with some of our recommendations. If we're given only two choices, to accept them or vote them out, this doesn't give any credence to the validity and importance some of them may have, and the effect they might have on the economy of this province. I think we do have to look at them in the respect some which are worth-while perhaps don't come under the umbrella of our terms of reference. Maybe we make these recommendations which we consider outside our terms of reference. Perhaps in the future we could have some change in those terms of reference, so that we have means of disposing of such resolutions. Voting them straight out because they don't come under our terms of reference is not really an acceptable way of disposing of them, as far as I'm concerned.

MR. CHAIRMAN: Since obtaining committee agreement on this recommendation as amended, we've had the latter suggestion by Mr. Sindlinger, endorsed by Mr. Knaak, that a further amendment be considered explaining why the committee is moving in this direction. That flies somewhat in the face of the logic incorporated in your response, Mr. Notley. You suggested that this would be a possible prerecommendation exercise, that the committee would benefit from such a study, and that there could flow from such a study additional recommendations from this committee that would, in fact, be more directly linked to the heritage fund. Would you care to add to that?

MR. NOTLEY: Well, Mr. Chairman, if we put in this kind of qualifier, I suppose we would then have to go back and do the same thing with the motion Mrs. Fyfe put together for us. It's exactly the same principle. I really think we could spend an awful lot of time dotting "i"s and crossing "t"s here. If we have consensus on the idea, then as we deal with the terms of reference for

next year, it seems to me that is the thing we have to come to grips with. How do we handle it?

But in terms of this particular recommendation, I would simply say there are going to be occasions when we consider future investments, and we as a committee would want the relevant departments to obtain information for us. I think that's a perfectly reasonable request, notwithstanding any possible changes in the terms of reference.

MR. CHAIRMAN: Would the committee agree to defer to the Chairman's judgment as to the possible incorporation in the preamble to the report of one or two sentences reflecting this latter discussion?

MR. APPLEBY: That would apply to both the resolutions we've had so far?

MR. CHAIRMAN: Yes. I don't want to make this commitment till I've thought it through. But I would like to consider, with your endorsement, the incorporation in the preamble or introductory portion of the report some reference to the recommendation redrafted by Mrs. Fyfe, this recommendation, and perhaps any others where there is this change in tangent, if you like, in our funding thrust from heritage fund to general revenue.

MR. KNAAK: I think I like that idea. If I understand it correctly, the Chairman would incorporate the thoughts of both Mr. Sindlinger and Mr. Notley in the preamble, so we have both views expressed there. I think if we do it that way -- and I don't know how the wording would work out -- that leaves a little scope, anyway, for the expanded . . . I guess when you said "endorsement", I think I said I had no objection. It seems to me by doing it that way, in the preamble, it gives us some scope for next year, when we might in fact have tighter and more expanded terms of reference.

MR. CHAIRMAN: Thank you. Is the committee agreed, then?

HON. MEMBERS: Agreed.

MR. R. CLARK: How can you have tighter and more expanded terms of reference?

MR. KNAAK: Well, clearer.

MR. CHAIRMAN: Turn now to Recommendation No. 4 in this same section.

MR. NOTLEY: Mr. Chairman, to expedite the proceedings of the committee, I would withdraw No. 4. The spirit of it has been more than doubled in the case of Alberta. My understanding is that that really covers what I'd suggested for Manitoba, so there really isn't much point in pursuing it. I would withdraw it.

MR. CHAIRMAN: Okay. Mr. Clark, I'd like to suggest that inasmuch as each committee member tonight has the two recommendations prepared by the opposition, if you're agreeable to speaking to these, could we deal with them this evening?

MR. R. CLARK: We really hadn't planned to deal with them this evening, Mr. Chairman.

MR. CHAIRMAN: Fine. Turning then to the next section of our binder on Debt/Equity investments, Mrs. Fyfe, your recommendation is the first in this section. I would like to invite you to speak to it.

MRS. FYFE: I guess it's a very simple statement of principle. I feel that we should be investing funds from the Heritage Savings Trust Fund in equity investments. I have not specified within or outside Canada; I've just made a policy direction.

MR. KNAAK: Well, Mr. Chairman, I'm under the impression that item 1 has some similarities to item 3 and, to some extent, item 5, in that the broader includes the narrower. Mr. Pahl isn't here, so after we hear representation on those four in the row, if that seems a reasonable suggestion . . .

MR. CHAIRMAN: I'm sorry, would you just repeat the numbers you have mentioned?

MR. KNAAK: I was under the impression that recommendations 1, 3, 5, and, to some extent, 4, depending on its breadth, have points in common and some differences. Certainly there is some similarity in 5 to the extent that the narrower includes the broader in one. I wonder if it would be a reasonable suggestion to the Chair to have each of the individuals who is here speak to their recommendation to see if there is a common thread. Then we might have to do the same thing we've done before: set up little committees to draft a synthesis of the recommendations.

MR. CHAIRMAN: That strikes me as a reasonable suggestion, but let's defer judgment on whether the establishment of an *ad hoc* committee is necessary, following discussion.

MR. KNAAK: Sure.

MR. CHAIRMAN: We've heard from Mrs. Fyfe on Recommendation No. 1. Mr. Knaak, did you wish to speak to your Recommendation No. 2 in that Debt/Equity section?

MR. KNAAK: Thank you, Mr. Chairman. The purpose of a foreign investment division . . . Let me first speak to the foreign part as opposed to the 15 per cent. The idea stems from two principles. One is that the Heritage Savings Trust Fund must remain as a fund and grow at least at the rate of inflation, so future generations of Albertans will have a capital fund and an income from that fund to draw on. With the anticipated growth of the trust fund, and given the limited investment opportunities in Canada at present, a small proportion of the fund should attempt to earn a rate of return well above the rate of inflation. That's plus investment out of Canada in other countries, notwithstanding that I have a lot of confidence in the Canadian economy and notwithstanding our current high interest rate problems. When we're talking about the long run, I think it's prudent to diversify risk. One diversifies risk by investing in a variety of different nations.

The second part deals with the possibility of the Alberta government or an arm of the Alberta government taking on, if not a controlling interest, a persuasive interest in foreign companies. One should note that the Alberta government out of Alberta is just like a private individual. They don't have government functions. By being able to invest in equity outside this country, there is no undue interference in the private sector, yet the

Alberta government is allowed returns that accrue to the private sector. By investing in the private sector and by having a block persuasiveness in foreign corporations, it's possible for the directors appointed by the Alberta government to direct, for instance, purchases from the province of Alberta. An example would be a foreign rapeseed crushing plant buying its rapeseed from Alberta rather than from some other country like Brazil, if it grows it. Or, by having some control in a foreign petrochemical upgrading plant, it could be directed that this plant purchase some of its inputs from the Alberta companies. So setting up such a foreign investment division gives a possibility there.

I think the key here is that I would like to see the Alberta government involved in equity investments for the reason given. I'm concerned that any substantial equity investment in the Canadian economy, whether in Alberta or otherwise, will have an undue impact on the private sector. I really wouldn't like to see that, unless I'm persuaded in these discussions to have equity investments in a general way in private companies in Canada.

The 15 per cent is just a number I thought was reasonable; it's reasonably small, so sufficient funds would be left over to more or less handle or deal with any of the investment possibilities that may arise in Canada. That's all, Mr. Chairman. Thanks.

MR. CHAIRMAN: Thank you, Mr. Knaak. Regrettably Mr. Pahl isn't here tonight. Does anyone feel prompted to speak to Mr. Pahl's Recommendation No. 3?

MR. APPLEBY: Mr. Chairman, this deals with venture funding for innovative developments. I'm not too sure what percentage Mr. Pahl would have suggested. I suppose we would leave for decision by the investment committee what percentage would be allocated for this type of financing. But in reading his recommendation, it would appear to me that in the third line where he states, "for providing funds to diversify and strengthen the Alberta economy", I think we could have an alternative and have that read, "to diversify or strengthen the Alberta economy". This would give more scope to the recommendation, and I'd like to see that change made.

MR. CHAIRMAN: I was going to have Mr. Notley read his fourth and fifth recommendations, Mr. Sindlinger. Would that be all right?

MR. SINDLINGER: Yes, sir.

MR. CHAIRMAN: Mr. Notley, did you want to . . . Sorry, Mr. Clark.

MR. R. CLARK: Perhaps someone else was going to comment. Just dealing with Recommendation No. 3, it seems to me there is a new concept in here. In addition to some form of equity investment, forgivable loans are also mentioned in the rationale. I notice that isn't in the recommendation itself, but if in fact we're talking about forgivable loans, that's a whole new ball of wax.

MR. CHAIRMAN: Mr. Notley, did you wish to speak to your two recommendations in this section?

MR. NOTLEY: Very briefly, Mr. Chairman. Recommendation No. 4 is just as it sets out: if we're going to make use of the investment potential of the trust fund, the priority should be on Canadian as opposed to non-Canadian controlled

companies. As I spent most of this afternoon arguing that point, I really don't think I need to argue it again tonight.

Recommendation No. 5 is, "that consideration be given to establishing an equity fund to provide equity financing for business ventures established by native people and other target groups". We've discussed this several times in previous trust fund committees, Mr. Chairman, and the purpose behind Recommendation No. 5 is to recognize that it is rather more difficult for people of native origin to obtain funding from conventional lending institutions than for people who aren't native in ancestry. A number of recommendations have been made by both the Indian Association and the Metis Association, urging the establishment of a fund. Perhaps it could be operated by the Alberta Opportunity Company, but it would not necessarily have to use the very strict guidelines we presently have with respect to AOC lending. I think that pretty well summarizes the gist of the argument. It's been debated now in several trust funds running.

MR. CHAIRMAN: All right, thank you. What are the wishes of the committee in subsequent discussion? Do you want to continue to discuss these as a whole, with a view to possible consolidation into a single recommendation, or would the committee now prefer to discuss them singly?

MR. SINDLINGER: Discuss them as a whole.

MR. R. CLARK: Discuss them as a whole.

MR. CHAIRMAN: Well, the two or three random comments then are supportive of the notion of continuing to approach these five recommendations as a subject area rather than individually. Comments then, please?

MR. SINDLINGER: In looking for a common thread through the motions, I find three questions: one, the question of equity investment; two, the question of where that equity investment should be; and three, how much or what portion of the fund the equity investment should be. Just to get things started, one question I'd like to ask -- and I'd like to refer the members to page 54 of the annual report, which says that there is equity in the Syncrude project at cost of \$226 million. The reason I refer you there is that Mrs. Fyfe's recommendation is that a portion of the fund be utilized in equity investments. I don't know if she is trying to establish the precedent or principle or not. Whatever it is, I'd just point out that we already do have equity investments from the fund.

MRS. FYFE: The point is well taken.

MR. MUSGREAVE: Is Mr. Sindlinger finished? He gave us three breakdowns, and I thought he was going to explain them.

MR. CHAIRMAN: Yes, I have the same dilemma as you. Mr. Sindlinger, did you wish to speak now to the common threads you had so adeptly identified for the committee?

MR. MUSGREAVE: Or is he going to leave us hanging?

MR. SINDLINGER: No, I just wanted to get that first point straightened away. Then I'll come back to the next two after the other members have had an

opportunity to comment on them and see whether or not there is agreement on the three common threads.

MR. CHAIRMAN: It does seem like a fruitful area of discussion, though. If we can obtain sufficient common ground or common threads, perhaps that will provide the basis for our consolidation.

MR. MUSGREAVE: Mr. Chairman, is he suggesting that we can then eliminate the first point?

MR. CHAIRMAN: Mr. Sindlinger, you've been asked if, by identifying these threads, you wish to abandon or defeat the first recommendation.

MR. SINDLINGER: I would. From the comment or remark made by Mrs. Fyfe, I gather that she agrees with that.

MRS. FYFE: The only point I would add is that I felt a portion of the fund should be invested, not necessarily wait for another project to come along. I suppose it's closer aligned to No. 2, except that I did not specify in mine whether it should be in or out of Canada. So I would certainly be in favor of merging as far as a percentage of the fund being established as an equity fund.

MR. NOTLEY: Mr. Chairman, the way I took Recommendation No. 1 was sort of to confirm the suggestion the Premier made that the government was looking at some sort of vehicle to make it possible to invest in venture capital in smaller enterprises as opposed to the large megaprojects where, as a result of the terms, we may or may not get into equity financing. But we're talking about Joe Jones' little manufacturing machine shop down the road. Is that not the intention?

MR. CHAIRMAN: I don't want to speak for Mrs. Fyfe, but I assume that was the intention.

MRS. FYFE: Well, not specifically for small enterprises.

MR. CHAIRMAN: You see, it's a very germane question, because Mr. Sindlinger has quite innocently selected the Syncrude equity illustration. Of course, Mr. Notley has raised the question of the Joe Jones manufacturing plant, which is quite a bit different than the Syncrude equity investment. Do you want to speak to that?

MRS. FYFE: As I said, I tried to establish some principle on an equity fund, not necessarily geared to small business. It's a very broad principle, which is slightly different than saying that there has been a precedent for equity funding in Syncrude. We're not saying through that that there would be a certain percentage each year. So I agree that there has been a precedent. What I was trying to get at is that we should establish an equity fund that can be invested each year.

MR. BRADLEY: Mr. Chairman, one of the concerns which I was going to address has been addressed. The other direction I'd like to direct the consideration of equity investment would be in those projects in which, perhaps by their nature, the private sector would not become involved. I think that's an

important part of our consideration. I'd hate to see the fund competing with the private sector in that area of equity investment.

MR. KNAAK: Mr. Chairman, the question I have on the first recommendation: is the motivation behind the recommendation to generate a higher return for the trust fund -- and I'm relating back to my own, and my motivation was to get a higher return for the trust fund -- or is the motivation to help business?

MRS. FYFE: Yes, a higher percentage return for the trust fund.

MR. MUSGREAVE: On that basis then, Mr. Chairman, I would imagine that the equity investments would not be restricted to the small entrepreneur who couldn't get venture capital somewhere else. I would imagine it would be more likely to be invested in such as CPR, CPI, General Motors -- these kinds of stocks. I think the small entrepreneur could be better served by a vehicle such as the Alberta Opportunity Company. If you don't think they're getting enough money, then change the rules under which they're operating. Give them more money and let them do what they're already set up to do: be a lender of last resort where they can't get money from the Industrial Development Bank or whatever. If you don't feel the Alberta Opportunity Company is given enough leeway, then change their policy guidelines. But don't set up another facet of the fund to do what you've already started to do.

MR. R. CLARK: Mr. Chairman, could I just ask Mr. Musgreave a question? Mr. Musgreave, isn't part of the rationale the Premier put forward before the committee the day he was here the need for some additional equity capital as opposed to debt money? I think we'd want to think pretty carefully before we put the AOC in a position of being able to get involved in an equity way with ventures that come down the pipe.

MR. MUSGREAVE: Mr. Chairman, I don't want to get hung up on debt or equity or whatever. If you're going into business you need money to do things. It really doesn't matter. If you're going to suggest that it's a kind of weird idea that may pay off, so obviously you're not going to be able to set a rate of return . . . You're not going to be able to determine that this block of money is going to earn you X dollars. It might in 50 or 100 years; it might in three years. What are you going to do? I think the committee is starting to mix up apples and oranges, and you're not getting a fruit salad either.

MR. CHAIRMAN: With respect, Mr. Musgreave, I think the mixture of debt and equity is a possible potential salad.

MR. MUSGREAVE: Exactly. That's the point. We intermingle these terms, and half the time we don't know what we're talking about. That's the point I was making.

MR. CHAIRMAN: I think that was Mr. Clark's intent. He was trying to avoid that possible confusion because, as you know, AOC has heretofore been limited to debt positions as opposed to equity positions in smaller businesses. May I ask Mr. Notley: when you made your recommendation or suggestion regarding the smaller manufacturer, was it to the exclusion of the larger or in addition to?

MR. NOTLEY: No. Basically when I raised the question to Mrs. Fyfe, it struck me that her recommendation was quite similar to the concern we heard from the

Premier that there are a number of young people who have good ideas and perhaps good business potential but at this stage of the game aren't in a position to put together the initial equity investment necessary that they can then go out and borrow the rest on a debt basis. The suggestion had been made of some kind of "Ventures Alberta". I've heard that raised on several occasions, as a matter of fact. I think a position paper on it was even tabled at one time. I was just putting to Mrs. Fyfe the question: what was her recommendation? Are we going to see that undertaken by some arm of government? That's really basically what I raised.

MR. KNAAK: Mr. Chairman, I just wanted to get back to Mr. Clark's point relating to the Premier's statements. The way I understand the Premier's statements on venture capital, this government is moving in the direction of coming up with ideas for increasing the amount of venture capital available, but the prime initiative will be the new provincial corporate tax act. As the member may know, a caucus committee is established, and I'm the chairman of that caucus committee. It's for the purpose of really doing that kind of thing, and our time frame to do that is two years.

MR. CHAIRMAN: Any further comment?

MR. STEWART: Well, I get a little hesitant when I hear some of the discussion about some of the ventures the Heritage Savings Trust Fund should be put to. I feel that the commitment of the Heritage Savings Trust Fund was to put money where it would be available for future generations when this flow of oil slows down. When I start hearing people talk about investing it in small ventures that possibly wouldn't function in any other way, I think we're using the wrong vehicle to accomplish what we're trying to do. I would hate to sit on this committee five years from now if we start playing around with small adventurous businesses that obviously are going to have a fair failure rate. How are you going to explain to the people of Alberta that you've invested their money wisely, but 50 per cent of the small investments didn't make it? I'm not going to judge the ones that are and the ones that aren't, but I don't think this is the vehicle we're going to use.

I have no quarrel with supporting small businesses, even in a venture way. But I don't think we want to be playing around with our Heritage Savings Trust Fund as the funding for this type of operation. So personally I have no qualms at being totally opposed to using the Heritage Savings Trust Fund for venture capital in small business ventures that cannot get financing any other way.

MR. KNAAK: Mr. Chairman, I believe we're still talking on the topic of finding a common thread, and I may have discovered one. With the exception of Recommendation No. 4, which suggests priority to Canadian-controlled corporations rather than foreign -- it doesn't talk about equity or debt. I think the presumption there is that we are still in debt, as we are now with the recent announcement. I think that's what Mr. Notley has in mind. So maybe we can set that one separately.

What we have left is nos. 1 and 2, where the gist of the purpose of the recommendation -- one of the common threads is a greater return to the Heritage Savings Trust Fund. The suggestion of Recommendation 3 and, to the same extent, Recommendation 5 is to use the trust fund to aid small business. Really the suggestion is perhaps no return at all, or at least put the money at risk -- that's usually what venture means -- to help small

business. So those are the two differences I see. I'll reserve my comments, if I get a chance to speak again; I apologize for speaking so much. But it seems to me that those are two areas we might start on: discussing the two different aspects from a substantive point of view.

MR. R. CLARK: Following along Mr. Knaak's comments, Mr. Chairman, I wouldn't want to be the first to pull one of the threads apart, but it seems to me a very basic question in all we're discussing here is: are we in fact going to invest heritage savings trust money outside Canada or aren't we?

AN HON. MEMBER: That's a good one.

MR. R. CLARK: I'd have to say that my point of view would be that given the tremendous need I understand there is going to be for energy-related projects within Canada, and trying to convince our fellow Canadians that we're prepared to put the Heritage Savings Trust Fund to work not only for Alberta for Canada, Mr. Chairman, frankly I would find it very difficult to support a resolution coming from here that would direct the government to invest out of Canada, given the reports we hear very often about the need for financing in Canada and if we look at just the energy field, if Canada is to become self-sufficient by the mid-1990s.

Secondly, Mr. Chairman, it seems to me that given our fortunate financial situation, we in Alberta have to recognize the fact that what is good for Alberta is good for Canada. I'd better rephrase that. The point I'm trying to make, Mr. Chairman, is this . . .

AN HON. MEMBER: What's good for Canada is good for Alberta.

MR. R. CLARK: What's good for Canada is good for Alberta. Thank you very much. Mr. Chairman, the point I'm trying to make is that we in Alberta can't isolate ourselves from the economic circumstances in Canada. If Canada nationally doesn't meet some of the self-sufficiency problem by the '90s, regardless of how fortunate we may be financially here, our national economy is going to be in very serious shape. I'm prepared to listen, but certainly at this time I'd find it extremely difficult to support a recommendation saying that we should be investing outside the country.

MR. NOTLEY: I think that in many respects we're trying too hard to find common threads here, and we'll end up circling these five recommendations all night. It strikes me that the first recommendation talks about equity investment, and Recommendation 5 talks about an equity fund, so there are two that deal specifically with equity investments in Canada.

I think Mr. Clark is right in terms of Recommendation No. 2. We're talking about equity investments, but we're talking about an entirely new principle; that is, a foreign investment division. That is a sufficiently important principle that I think it must be examined on its own merits, quite apart from whether we believe in equity investments or not. But I think we can deal with two areas of equity investments.

I agree that Recommendation No. 4 is essentially a different matter as well. It's a question of priority on Canadian investment as opposed to foreign companies.

So I think 1 and 5 have some similarity, but I suspect we might be better to examine the others on their own merits.

MR. CHAIRMAN: Perhaps I could just make a summary comment or two and then resume discussion. We had an earlier observation from Mr. Sindlinger that there were three possible common threads in the five investment-related recommendations. Later in the discussion, one or two of those threads did not appear to enjoy consensus. Mr. Notley has now observed that perhaps we do have too difficult a task in trying to find common ground in all five, that perhaps the only genuine commonality is in recommendations 1 and 5, and that the second, third, and fourth recommendations ought to be discussed separately.

MRS. FYFE: The commonality in 1 and 5, of course, is the establishment of an equity fund. I could not agree with specifying that this be established for native groups or other target groups because I think that's too limiting. If we were to look at an economic development program for native people in Alberta, I think that should be established as a specific program and not a direction from the Heritage Savings Trust Fund. I just wonder if the mover is fixed in his position that we leave in the native groups or target groups, or could they be removed and perhaps established elsewhere?

MR. NOTLEY: All things being equal, I really think we'd best deal with recommendations one at a time.

MR. MUSGREAVE: I would second that.

MR. CHAIRMAN: Mr. Notley and Mr. Musgreave have now recommended that we conclude our discussion of the entire section and begin our review of the recommendations one at a time. Agreement?

Mrs. Fyfe, at the beginning of this discussion you made a brief comment on Recommendation No. 1. I believe you described it as a recommendation of principle and made some comments. In light of the subsequent discussion, do you wish to embellish your original comments?

MRS. FYFE: I don't really think so. I think to limit it or combine it with the other motions would probably change the intent of some of the other recommendations, so I'll leave it as a principle.

MR. CHAIRMAN: Okay, discussion on Recommendation No. 1.

MR. R. CLARK: In looking at the recommendation and the annual report, is it a fair comment to say we're doing that now?

MR. MUSGREAVE: Where in the annual report does it say we're doing that now?

MR. R. CLARK: The equity into Syncrude.

MR. MUSGREAVE: Yes, but by way of bonds. Now if I understand what Mrs. Fyfe means by equity, I think she probably means common or preferred stock, which is quite a different . . .

MR. CHAIRMAN: I'm not so sure Mrs. Fyfe would wish to read that much into her recommendation. Do you wish to respond to the question raised by Mr. Clark and Mr. Musgreave's interjection?

MRS. FYFE: Yes, I certainly was thinking of stocks. Maybe that should be incorporated to make it more clear.

MR. NOTLEY: Mr. Chairman, we have stocks -- half the Alberta Energy Company. Surely that has to be considered equity. So we have 50 per cent of the Alberta Energy Company as well as the equity in Syncrude. In addition to the convertible debentures that Mr. Musgreave was talking about, we have a \$225,857,000 equity in Syncrude.

MR. MUSGREAVE: At the fear of putting words in Mrs. Fyfe's mouth, Mr. Chairman, what I think she possibly is getting at is that we would be purchasing equity in existing companies that have a proven track record, that are not set up by government agencies, that have been on the scene for a long time, such as the CPR, to name one. There are several others: blue chip corporations, Canadian-owned and Canadian-controlled, showing good return on investment. Many people have thought that perhaps we should put some of our money into the purchase of those stocks.

MR. CHAIRMAN: I feel a great obligation to give Mrs. Fyfe a chance to respond to your interpretation of her intentions.

MRS. FYFE: I would agree. I was just trying to think of a way I could reword it. Perhaps what should be done with this recommendation is reword and clarify it.

SOME HON. MEMBERS: Agreed.

MR. CHAIRMAN: Mrs. Fyfe, two or three members of the committee have indicated an interest in assisting you with that clarification. Mr. Appleby.

MR. APPLEBY: Mr. Chairman, I think we're once again getting into an area of fine tuning these recommendations. I have some hesitation in trying to be too explicit about that. If we say equity investments, why do we have to spell out just what that is to include? I think the recommendation as it stands is quite sufficient.

MR. CHAIRMAN: If I may, Mr. Appleby, I think the point has been made that if we leave it as an expressed principle without any further specific language, that's a redundant recommendation, because through the Alberta Energy Company, through Syncrude equity bonds, the government has already implemented this principle. I think that's the point.

MR. APPLEBY: Then perhaps it's redundant.

MR. BRADLEY: Mr. Chairman, I'd just like to raise a technical point. In my understanding of the way the legislation is set up, our equity investments can only be made out of the Alberta investment division. Is Mrs. Fyfe suggesting that this should be extended to a Canadian investment division or continue within the Alberta investment division? Does she want to open it up or not? It's just something I thought was a technical point that perhaps should be clarified, because I think it's important.

MR. CHAIRMAN: Mrs. Fyfe, did you wish to respond to Mr. Bradley's question?

MRS. FYFE: I certainly had planned to open it up. In my original remarks I did not specify whether it was in or out of Canada, so it was certainly out of Alberta.

MR. KNAAK: Mr. Chairman, because the recommendation has so many broad implications, I can't really address myself to it because we're really searching for something we can't find. So I would recommend that Mrs. Fyfe redraft, with greater specificity, what her intention is, and then we review that particular recommendation at our next meeting.

MR. CHAIRMAN: Mrs. Fyfe, I'm going to call on you to help me solve this conundrum. We have in fact two recommendations now that bear directly on your work. One is the suggestion that perhaps there is redundancy and that we simply move on to other recommendations, and now Mr. Knaak's suggestion that it perhaps may be redrawn with greater specificity.

MRS. FYFE: I already offered to withdraw the recommendation and rewrite it.

MR. MUSGREAVE: I move we table it until Mrs. Fyfe brings it back.

MR. CHAIRMAN: Agreement? Mr. Notley.

MR. NOTLEY: Mr. Chairman, is it possible that we could look at Mr. Pahl's in the same light? We're also talking about a venture capital, and it may well be that the greater specificity Mr. Knaak is suggesting is contained in Recommendation No. 3.

MR. CHAIRMAN: Unfortunately Mr. Pahl is not here to respond to that suggestion. But Mrs. Fyfe and Mr. Knaak, could I ask each of you to comment on Mr. Notley's suggestion that Recommendation No. 3 also be reconsidered in light of this new development as it affects Recommendation No. 1?

MR. KNAAK: I can comment on it, Mr. Chairman, but I really would prefer Mr. Pahl to defend that notion. The way I see it, I'd like to vote against it, and I really would much prefer his being here to defend and clarify it before that happens.

MR. CHAIRMAN: Okay then. Recommendation No. 3 is tabled until we meet again, hopefully with Mr. Pahl in attendance. Mrs. Fyfe has kindly agreed to redraft and incorporate greater specificity. I wanted to get that word in twice; it's such a good word.

Could we then turn our attention to Recommendation No. 2. Mr. Knaak, did you wish to add to your initial comments on Recommendation No. 2?

MR. KNAAK: No, Mr. Chairman, I don't have anything to add to my opening remarks. I'd be happy to answer any questions anyone might have.

MR. SINDLINGER: Mr. Chairman, notwithstanding the fact that this recommendation was written with a great deal of specificity, I had to wait for Mr. Knaak's comments to begin with in regard to the reason for this. He felt it would be a way to protect the value of the fund in that diversification of investments out of the province would enable a rate of return that would at least equal the inflation rate. I'd like to speak against this recommendation because I see an investment out of Canada as an exporting of capital in job

creation. Regardless of the accounting rate of return that could be earned on investment out of Canada compared to the accounting rate of return that could be earned in Canada, really it is irrelevant when you consider the export of capital, jobs, and economic growth at the same time. Even if the accounting rate of return on investment in Canada were only one-half the accounting rate of return on investment in Canada -- or vice versa, whichever it is; I can't remember which -- I think the social and economic benefits that would accrue to investment in Canada would far outweigh the magnitude of the rate of return earned, in an accounting sense, out of Canada.

MR. MUSGREAVE: Mr. Chairman, I'd just like to say that I would support what Mr. Clark and Mr. Sindlinger mentioned on this motion. It's kind of interesting to hear an economist who has taken an accounting point of view and sort of thrown it aside. But I support what Mr. Sindlinger is saying, and I couldn't support this motion.

MR. NOTLEY: Mr. Chairman, I think there are two or three points. The first is export of jobs, and I agree with Mr. Sindlinger on that. Also I suspect that if we invested in other countries we would find ourselves in the same sort of continual controversy. I really question how wise that is.

Secondly, the needs of Canada and, as Mr. Clark pointed out, the need for Canadian self-sufficiency, but beyond that the need for job creation in our own country. We can talk about the heritage trust fund in our own Assembly. We can be very firm about it, but we have to recognize that it's important to live in Canada. For us to be investing out of Canada at this stage of the game in my view would be a very serious erosion of Alberta's political base, if you like, in the country. I just don't see how we could do anything that would ask more for not necessarily retribution from other provinces, but at least a souring of the attitude of other Canadians to the province of Alberta. We have serious unemployment in other parts of Canada and desperate need for investments. It seems to me we'd be making a very serious mistake. Albeit we might have a better rate of return, but I think that rate of return would have to be balanced. As I balance it, the impact on Alberta's position in the country, as well as what we could use the trust fund for in the country, is far greater than any possible higher return we could get outside.

MR. BRADLEY: Mr. Chairman, I'd like to support some of the remarks made by Mr. Clark and Mr. Notley in the sense that perhaps this recommendation is a little premature. I think surely our first priority should be to see how we can utilize the fund in the country, but we may get to the point where the magnitude of the fund is such that the Canadian economy can no longer absorb equity investments or debt instruments in Canada; we may have to look outside of Canada in order to place some of our funds. So I think perhaps the recommendation is premature at this time. It may be something we should consider at some future time, depending on the magnitude of the fund and the ability of the Canadian economy to utilize it. That's where I'd like to leave my remarks. I think it's something that could be considered at some future date.

MR. CHAIRMAN: Mr. Knaak, we've now had remarks by Messrs. Sindlinger, Musgreave, Notley, and Bradley that are obviously not supportive of your recommendation. Did you wish to respond to any of those arguments?

MR. KNAAX: Mr. Chairman, I would like to. I think Mr. Sindlinger -- he left; it's a good thing -- first of all is getting mixed up here between social capital, return to capital, money capital, and real capital. Without clarifying those four different concepts, his argument doesn't really say anything.

With respect to Mr. Notley, I don't think you can have it both ways. We've heard a pretty strong proposition here that we do not want foreign investment in Alberta. I'm using a forward argument in reverse here. Mr. Notley has pointed out that foreign investment in Alberta is detrimental to Alberta's interest because we have a large outflow of capital to foreigners. What he is suggesting now is that Alberta investment out of the country is also not beneficial to Alberta. So foreign money coming into Alberta is not beneficial, and Alberta money being invested abroad is not beneficial. You can't have it both ways in terms of that kind of argument.

The question in Canada is: can the Canadian money capital market -- we're talking about a whole pile of money here -- absorb \$5 billion, \$10 billion, \$15 billion, providing the Alberta government a reasonable rate of return, while the Alberta government maintains its position that it is a free enterprise, non-socialistic type of government? Surely if we take that position, the scope for the Alberta government is only lending those funds to other entities in Canada to use. Right now in the Canada investment division, only 5 per cent of the potential 20 per cent is lent out, not because the Alberta government isn't desirous of lending to other provinces; there are no takers for that money. I too fully support the proposition that Canadian investments should have priority to foreign investment. This doesn't change that priority or the priority of the government. This suggestion leaves the possibility open for this government to invest in higher returns if the Canadian market cannot absorb the funds. So you don't confine the necessity of the investment committee to invest in Canada only when that money can't be absorbed.

I'd fully support any proposition if the Canadian capital market could absorb those funds to keep them in Canada. This is only a possibility, and that's why I'd like to see it there. If it's not picked up, expand outside this country, get some international exposure, and create a possibility where the Alberta government, really acting as a private individual outside its own jurisdiction, can influence the decisions of those foreign corporations to purchase Alberta products.

MRS. FYFE: I could support No. 2 if it went as far as the end of the sentence: "Up to 15 per cent of the fund should be available for such investments." Instead of having the sentences following, just go that far.

MR. APPLEBY: The intent is all there to that point.

MR. R. CLARK: Mr. Chairman, I'd just say to the sponsor of the suggestion that the argument about the funds not being able to be invested out of Alberta would have far more impact with me if in fact all the money in the Canadian and Alberta investment divisions are invested in short-term, 30-, 60-, 90-day stuff where there is a surplus or where there isn't a call on the money as a result of conscious decisions made by the investment committee. So it isn't as though the money was sitting there not being invested at all.

MR. SINDLINGER: I'd just like to corroborate what Mr. Clark has just mentioned. In support of that, earlier in these committee meetings Mr. Clark

asked for a list of the investments in the marketable securities. The money isn't sitting idle. I think that's the point that has to be made. Even though about \$1.3 million is not in any one of the divisions, it's not sitting idle. For example, it's invested in B.C. Hydro, Manitoba, Nova Scotia Power, Ontario Hydro, Saskatchewan, Bell Canada, Canadian Imperial Bank of Commerce, the Mercantile Bank, BNS Mortgage, Barclay's, Canadian Pacific Securities, Canadian Tire Acceptance, Chase Manhattan, Citicorp, and on and on. I think that is a point we ought to make time and time again to not only Albertans but Canadians: we don't have a fund that is a room full of cash lying around. We have some assets that are working either in Alberta or in Canada in its entirety.

MR. APPLEBY: Mr. Chairman, I think Mr. Knaak brought a very sound, reasoned argument supporting this recommendation. Mr. Bradley, though, also indicated something that I think is very important. Should the investment opportunities in Canada not be available for these funds -- should it grow to such proportions that it couldn't be well-invested in Canada -- then we should be looking at something like this. I think it's probably good to get on record that we had this sort of consideration. I do believe we would be premature in passing such a recommendation at this time, and I would not be intending to support it.

MR. CHAIRMAN: Any further discussion?

MR. STEWART: Mr. Chairman, the thing that comes back to me in our economic planning is that we've seen that the government has had to take the lead in trying to create a transportation system for our province where we got to Prince Rupert. I could possibly visualize at some point in time a situation where an overseas terminal may be a very necessary part of a chain of trading that we would create for the opportunity to get our produce abroad. I think the opportunity to invest in something of this nature could work to a great advantage to us. I don't think we should be closing the door on the possibility of this happening. Possibly it's spelled out in a little more detail here than I would want in a recommendation, but I do believe that the first three sentences cover the basic thrust of the recommendation. On that basis, I could support it, with the philosophy that it likely would be invested in such a manner that it would be of economic benefit for Canada beyond the return on investment.

MR. CHAIRMAN: Mr. Notley, if I may. We seem to be going on two tracks now on Recommendation No. 2. Three or four have spoken to it as being premature and that perhaps we should not close the door on it, but not pass it. Several others -- Mrs. Fyfe, Mr. Appleby, and Mr. Stewart -- indicated that they could support it if in fact it were abbreviated or shortened to include the first one or two sentences of principle. Mr. Notley, do want to speak to that?

MR. NOTLEY: Mr. Chairman, basically I really think we're getting ourselves into a fairly difficult situation as Albertans if we recommend the creation of a foreign investment division. Now I don't disagree with Mr. Stewart that from time to time we would want to make investments outside of Canada, but I think that as a government we would have to deal with those investments on their own merits. With a good deal of support in Canada we might be able to invest in some kind of terminal elsewhere in the world; that's a possibility.

But the problem is that to set up a special division of the heritage trust fund called the foreign investment division and to specify any amount -- but here we're saying up to 15 per cent -- with an unemployment rate of almost 20 per cent in Newfoundland and with so much of Canada crying for investment, with the greatest respect to the other members of the committee, I just say that we're asking for trouble. It would not be wise. I don't think it would be necessarily prudent. As for long-term investments and trying to buy out companies, I think there are ways of doing that without speculating in the international market.

I think we have to deal item by item with the legitimate concern which Mr. Stewart raised. We as a province have the financial muscle without even touching the heritage trust fund if we need to look at those rare occasions. But to open the door for a whole new division, the change in the Act that would have to take place, and the discussion that would be not only in Alberta but right across the country: I think we're getting ourselves into very, very questionable territory. I really do.

MR. R. CLARK: Mr. Chairman, I would just simply make this point in commenting on Mr. Stewart's point of view. Mr. Stewart, if the situation you talk about were to develop, it would seem to me the cleanest way to handle that would be to bring a special bill before a spring or fall session and deal with that situation. I could look at the situation far more openly if it were on the basis of, okay, we have to buy a terminal somewhere. But I would find it very difficult to support establishing the thing on the basis of a wide-open situation, without that kind of approval right here and with everybody having a chance to get their word in. Mr. Chairman, that's why I don't think we should approve the suggestion before us, in whole or in the first three sentences.

MR. SINDLINGER: I might just add one comment in support of the last two that have been made. I think we should be sensitive to Canadian political needs as well. We should bear in mind that the money from the fund comes from other Canadians. If we were to set up another division called the foreign investment division, in effect we would be waving a red flag at these other Canadians. First we've taken their money; now we're saying, thank you very much, we're going to put it somewhere else in another country. I'd be a little concerned about something like that, not only as an Albertan but as a Canadian too.

MR. CHAIRMAN: Mr. Knaak, did you wish to respond to the red flag?

MR. KNAAK: I certainly do. I have the strongest objection to any suggestion that we are taking money from other Canadians. We are selling our product at half of world price; we are giving them money, not taking money.

What I find interesting is how timid are the members who have been here in this Assembly for a long time. I think Mr. Clark has been here for some 20 years, and Mr. Notley also a very long time. Perhaps after a while you do get timid. You don't like new ideas; they're too challenging. I suggest that this is a forward-looking step in that it only opens the door; you don't have to do it. I made it very clear that my priorities, too, are Canada first. Only if there aren't sufficient investment opportunities are the investments to go outside, but they do create interesting possibilities. Thank you, Mr. Chairman.

MR. CHAIRMAN: Does the qualification you just expressed appear in the recommendation?

MR. KNAAK: No, Mr. Chairman, but I'd be happy to put it in.

MR. CHAIRMAN: It just strikes me as an important qualification, if the Chair could make such an observation.

MR. KNAAK: Yes, I think that's an excellent idea, Mr. Chairman. I'd be happy to amend this recommendation to read, after the word "investments", "and such investments to be made only after all reasonable investment opportunities within Alberta and Canada are exhausted."

MR. R. CLARK: With counsel's most recent amendment, Mr. Chairman, I find the rather untimely recommendation not acceptable.

MR. KNAAK: Don't be timid now.

MR. R. CLARK: The member says, don't be timid. I think it's far more a need for us to be sensible, given the referendum in Quebec and given the situation across the country. To be very candid, I think today would be a most idiotic time for us to be setting up this kind of thing.

MR. NOTLEY: Well, perhaps we can deactivate the rhetoric: rather than a red flag, we're waving an orange and blue flag at the rest of the country.

With great respect, I really think that at this juncture any government is going to have to be sensitive to the views of other Canadians and also to the legitimate investment requirements of other Canadians. For us at this juncture to strike out and say, we want a foreign investment division -- Mr. Knaak can say we're being timid, but I think we're just exercising common sense. I can't think of anything that would create more unnecessary problems, not only for this government but, more important, for this province than this kind of proposal, which in many circles would be looked upon as outright provocation.

MR. MUSGREAVE: Mr. Chairman, I thought Mr. Knaak was going to include me in that group of timid people, and I was getting a little nervous. But he didn't. I must be sympathetic to them. I don't think they're timid; I think perhaps they're more politically wise than Mr. Knaak is at this time.

In view of the hour, Mr. Chairman, I was going to move that we should now adjourn. However, I understand Mr. Appleby would like to say something, so I'd like to make that motion.

MR. APPLEBY: I'd just like to make one comment, Mr. Chairman, because I think Mr. Notley's length of service in this House and mine are similar, and I'm included in the timid group. I don't think it's a case of timidity, Mr. Chairman, but a case that perhaps we're more prone to not making such far-reaching decisions very suddenly and very abruptly. I think Mr. Knaak has very clearly put his recommendation before us. I think maybe it has some validity down the line, but I don't think it should be approved at this time. If I'm timid, so be it.

I now second Mr. Musgreave's motion to adjourn.

MR. CHAIRMAN: Mr. Speaker, we have a motion for adjournment and a seconder, but . . .

MR. R. SPEAKER: I was going to suggest we vote on this before we leave this evening. I think we're just about at the end of the debate.

I was going to say to the hon. Member for Edmonton Whitemud that he follows the pattern of his predecessor: when he starts to lose the argument, then he attacks personally. We're finding that again in the Assembly.

I want to make the point that I think one of the things we must be careful of with regard to the Heritage Savings Trust Fund is that we will always have a certain kind of control over the fund. Besides the other arguments that have been presented here, we should consider the argument with regard to political control. If we make investments in Alberta, we have political control. If we make investments in Canada, we have a kind of political control or influence. If we make investments outside of the Canada, we as individuals lose political control. I feel that's a very important principle in all the things we do in the Heritage Savings Trust Fund area, and particularly important in making the decision we have before us at present. In light of that particular argument that I feel is important to me, I feel I can only vote against the presentation at present.

MR. BRADLEY: On a point of order, Mr. Chairman, I believe we have a motion for adjournment. I believe that has precedence.

MR. CHAIRMAN: This was going to be the Chair's next comment. If we could deal with the adjournment motion and, if it's defeated, then we can deal with the question itself. If the adjournment motion passes, then it seems to me that it evolves upon the committee to continue its debate of this recommendation when the committee next meets or at the indication of the Chair. With that comment, then, we have a motion by Mr. Musgreave, seconded by Mr. Appleby, that we adjourn debate on this recommendation. Those in favor of Mr. Musgreave's motion? Those against? Perhaps the records could show that Mr. Speaker and Mr. Clark voted against the adjournment motion.

Earlier in the day I had requests from several committee members to adjourn at about this time to enable those who are travelling to get away at a reasonable hour. I've been wrestling with the difficult question of when we should next meet, because of my scheduling difficulties and those of others. I wanted to ask the committee, though, could most of the committee members be available this Thursday evening? Mr. Notley, yes; Mr. Clark, no; Mr. Speaker, yes; Mr. Knaak, yes; Mr. Musgreave, no; Mr. Appleby, yes; Mr. Stewart, no. That wouldn't appear to give us a very healthy representation. I wonder, could you leave the next meeting at the call of the Chair, and I will sound you each out on your availabilities?

MR. R. CLARK: Are we not meeting tomorrow night?

MR. CHAIRMAN: Oh, I'm sorry. A caucus meeting on the government side has been called for tomorrow night to deal with a fairly long list of legislation. That required the cancellation. Mr. Clark, I'm sorry I didn't advise you of that; I intended to do so.

It's left to the call of the Chair when we next meet, then, and I will be in touch with each of you individually. May I then have an adjournment motion? Mr. Notley. Thank you.

The meeting adjourned at 9:05 p.m.