

Standing Committee on The Alberta Heritage Savings Trust Fund Act

Monday, October 5, 1981

Chairman: Dr. Reid

1:30 p.m.

MR CHAIRMAN: Ladies and gentlemen, we'll come to order and get on with the afternoon's business. The authors of Recommendations 3 and 4 have got together and come up with an amended one, which is now being distributed by Shelley.

We recommend that communication of the A.H.S.T.F. should be expanded to include a summary brochure of the annual report be distributed to Alberta households. This brochure should highlight the importance of the savings of resource revenue to all Albertans.

MR MUSGREAVE: It should be the word "'to'", after annual report: to be distributed. That was left out.

MR CHAIRMAN: All right, yes, on the second line there's an addendum. It should read: "of the annual report to be distributed to Alberta households".

Now, has anyone any remarks to make on the subject of the amended combination of Recommendations 3 and 4?

MR NOTLEY: Are we to take it, then, that this communication would be a brochure prepared by the Provincial Treasurer and the responsibility of the Provincial Treasurer? Or, in fact, would it be a brochure in any way, shape, or form authorized by this committee?

MRS FYFE: In the consideration we gave it, we felt it would be best done by the Provincial Treasurer, as it is basically a simplified version of the annual report and not meant to be a partisan communication but a method of communicating the nature of the fund.

MR NOTLEY: Perhaps I could just follow with a question to the hon. member from St. Albert.

This brochure should highlight the importance of the savings of resource revenue . . .

It would seem to me there's no real need to underline that. We're talking about a summary brochure of the annual report. Why are we pinpointing one element? One could say the savings feature is important; one could also argue that strengthening and diversifying the economy of Alberta is important. Presumably, both are covered in the annual report. If it's a summary of the annual report, why pinpoint one?

MRS FYFE: I wouldn't have any strong objections if we left out the last sentence. What we're trying to do is communicate a simplified version of the annual report. I don't know about the co-author of this resolution.

MR MUSGREAVE: Well, Mr. Chairman, strictly from a political point of view, I was trying to accommodate the mover of item No. 3 along with the mover of item No. 4. We came up with this motion. If the hon. Member for Spirit River-Fairview has a problem with it, I would be prepared to drop the last sentence.

My concern is that the importance of the fund -- what the fund is, and how it is made up -- is not being communicated to laymen, as you might say. While this annual report is very good and is available if people ask for it, it doesn't get wide distribution. My intent was that something that would go into every home to just highlight the fund would be available to the people.

MR CHAIRMAN: I take it it's acceptable to everyone that the last sentence is deleted, and that it be only the first two and a half lines?

MR SINDLINGER: I agree with that. I think it's an important function. I agree that that last line should be deleted to eliminate the possibility of editorializing. But I wonder if we could also add on the qualification that the communication would be undertaken by the Provincial Treasurer.

MR CHAIRMAN: You're asking that the brochure be prepared and distributed by the Provincial Treasurer? Is that correct?

MR SINDLINGER: Yes.

MR CHAIRMAN: Is that agreeable with the rest of the members of the committee?

MR MUSGREAVE: Mr. Chairman, what we are in fact saying is, a better explanation of the annual report; that is, prepared by the Treasurer. Obviously, he should do it. But if the hon. Member for Calgary Buffalo wants that included, that's okay by me.

MR CHAIRMAN: Do we require a vote on this particular one? Or do we have agreement that this should be recommended?

HON MEMBERS: Agreed.

MR CHAIRMAN: That one's passed.

We can go on to Recommendation No. 5 by the Member for Spirit River-Fairview.

MR NOTLEY: Mr. Chairman, Recommendation No. 5 deals with:

. . . prior legislative appropriation before any investment decision is implemented by the Investment Committee.

I want to just say a word or two in introducing Recommendation No. 5. It's my view that any major investment decision -- and the argument has been advanced in the past that there's a distinction between investments and expenditures. But, I think if one looks closely at the parliamentary tradition, what is clear is that if you have a financial decision that affects the jurisdiction, then it is the people's elected representatives who have to make that decision. In my view, that is the most comprehensive and correct interpretation of our British tradition, with respect to the power of the purse.

The practical arguments: this imposes unnecessary restraints on the trust fund, on the investment committee. For example, if the committee wanted to buy PWA again, wanted to use heritage trust money to do it, this would unnecessarily confine their ability to invest. I would say with respect that in 1976 the Member for Calgary Buffalo, Mr. Ghitter, pointed out very well during the debate how the government, in the unique situation where they have to move quickly, could do that and still be consistent with legislative appropriation. They could make an offer subject to the concurrence of the Legislature. Many business transactions in the private community are based on contingent to acceptance. If need be, if no other option were available, they could use a special warrant. A special warrant in this particular case would have to come back to the Legislature, but it's the sort of the thing that, in my judgment, would be a more correct usage of special warrants than we've often seen.

So, there are avenues open for those unusual circumstances where it wouldn't be possible to have prior discussion in the Legislature. The government of Saskatchewan has a modification of this principle in their Act. One of the submissions we had at our public hearings by several University of Alberta professors argued the case for essentially this concept, recognizing that there may be the occasional circumstance where either a special warrant or an offer contingent on acceptance would have to be made.

Mr. Chairman, to be frank with members, I think this concept places far less restraint on those political people who argue for as little intervention in the private sector as possible than it does on those who would argue for greater public intervention. In other words, I can see that a Social Democratic government with an activist view of public intervention would find themselves much more constrained by this kind of rule than would a government that has a very, very strict view of the private sector being essentially left alone.

I would say to the members, notwithstanding the problems that that may cause down the road, the principle at stake here is whether or not an investment is to be treated in the same way as an expenditure. I guess the basic argument is: how does one define that ancient British tradition of the power of the purse strings? My argument is that if any financial decision has an impact, then what we're talking about is the right of the people's elected representatives to make that decision. While that will occasionally cause inconvenience, nevertheless I would submit it's the sort of inconvenience we have to live with if we're going to have genuine democratic control over the trust fund.

MR PAHL: Mr. Chairman, I think the principle here certainly is legislative accountability, and I agree with the hon. Member for Spirit River-Fairview with respect to that. He's quite right; the question is whether an investment is in that category.

The first point I would make is that that tradition of the Legislature having control over and accountability for the purse strings related to taxation without representation. Certainly we're not dealing with, in the strict sense, the taxation of Albertans but rather the revenue gain from the sale of resources. We're not really onto the same point. The other thing is I would ask whether this committee, over the course of its life -- and he's been a member of the committee for that period of time -- in its function has found that there has been a breakdown in the principle of legislative accountability. Because each year the Legislature is accountable for the stewardship of the fund on a yearly basis.

The other point I should like to make, Mr. Chairman, is that if we went with the idea proposed by the hon. Member for Spirit River-Fairview, then we would have that delay of sometimes up to five months before the Legislature would in fact meet. I wonder very strongly whether anyone in a private sector position would be prepared to wait up to a half a year, at interest rates in excess of 20 per cent, for an agreement in principle to be ratified by the Legislature.

In summation, Mr. Chairman, I would argue that to enact this recommendation would not be in the best interests of Albertans. I wouldn't support it.

MR ISLEY: Mr. Chairman, first of all I'd like to direct a question to the hon. Member for Spirit River-Fairview. Is it your intent, sir, if this were in place, that every loan in the Canadian investment division, every increase in funds in the Alberta investment division -- a decision to take an equity position in a megaproject, for instance -- would have to come through the Legislature before that action were taken?

MR NOTLEY: Let's take each of those examples you cite. An investment in the megaproject, yes. Definitely it would have to come to the Legislature. With respect to increasing loans to public agencies, I would presume the government would do that on a planned basis. For example, there would be a session on the Alberta investment division that could well be held whenever the Legislature met, both in the spring and fall, or a special session if need be. But you would have a budget, if you like, for the fund in the same way we now have a budget for the capital works division. So the question of should there be \$15 million more to the Alberta Opportunity Company would be debatable. Perhaps it should be 25; perhaps 200; perhaps nothing at all. But that would be the subject of a debate in the Legislature at the appropriate time when the decision is made to invest. We already have that made informally now. The minister has already told us what he plans to put in the Alberta Opportunity Company next year. Under this proposal, he'd have to come to the Legislature, and we'd discuss whether that's too much, enough, whatever the case may be. The other proposal with respect to arrangements made with other provinces, yes, I would see that being done. Frankly, I don't think there's any major difficulty there either.

I just want to respond to one technical point Mr. Pahl made. I do not see any problem at all with this business of time, because there is already the option of calling special sessions of the Legislature. None of us should see ourselves as so self-important that we can't come to special meetings of the Legislature called whenever they're necessary. There've been times in this province when there've been special sessions of the Legislature called for two or three days, or whatever the case may be, to deal with a given situation.

In the case of the Canada investment division, to answer the point of the hon. Member for Bonnyville, if there were a problem with the time frame, and Newfoundland or New Brunswick wanted another \$100 million, or whatever the case may be, then the way to deal with it would be a special session of Legislature. No major problem as I see it.

MR ISLEY: Thank you, Mr. Notley. I just wanted clarification on that point.

All I see this leading to, Mr. Chairman, is delay, as Mr. Pahl mentioned, probably extension of legislative time, changing the role of the Legislature from policy makers to playing an administrative role, and no increase in accountability. Hence, unless we have some evidence that the way we're doing it now can be improved, either from an accountability or an efficiency viewpoint, I can't support it.

MR MUSGREAVE: Mr. Chairman, I just want to mention to the hon. Member for Spirit River-Fairview [not recorded] perhaps there would be an occasional inconvenience -- to me it could be a disastrous investment, not an inconvenience. I agree with him, though, that we had a long, protracted debate on this issue. That's what I was speaking about this morning. He's right; it was the former Member for Calgary Buffalo who raised this point, both in caucus and in the House. However, since then we have had an election. I think if the people of Alberta understood what was involved here, they have accepted the principle put forward by the government that in this particular situation, the tradition of bringing the proposed expenditure before the Legislative Assembly before it was actually made has not been followed. The purpose of establishing this committee to be the watchdog of the fund was to counter that.

I think that as time goes on this committee's importance to the successful operation of the fund should become more apparent to the people of Alberta. That is my hope. We're all politicians and all very partisan, but hopefully down the road we will be looking on this as a responsibility of all of us, that it's important for all the people of Alberta, regardless of our party affiliations.

MR SINDLINGER: I think this is a very important recommendation. As other members have mentioned earlier, it's been of prime concern ever since the establishment of the heritage fund. I think the way it's written right now conveys the spirit and the essence, but I would make a modification in it and say that there be "prior legislative appropriation before any [major] investment decision"; rather than "any investment decision", because inherent in that is the day to day turnover of investment paper. So there would have to be a modification in that sense.

But what bothers me about not accepting something like this is what we do in the Legislature for the annual budget; that is, each year we spend over one month's time going over the expenditures of the government, page by page, number by number. From my point of view, that's the basis of our democratic system. There should be legislative approval prior to expenditures of the government. I don't think it's valid to say that we have something distinct in the heritage fund from the annual expenditures of the government, because we already do subject part of the heritage fund expenditures to prior legislative approval. That's in the capital projects division. In the fall, we have the appropriations for the capital expenditures. That holds true to the democratic principle that the Legislature should give prior approval to expenditures of the government.

I don't think the delay inherent in legislative approval should hold us up either in considering a recommendation like this, providing that in certain instances where there is a large expenditure to be made the caveat could be added that it would have to be subject to the concurrence of the Legislature. Most companies do this now in any case. When they're involved in major transactions, they always have to add the caveat that it has to be subject to senior management and the shareholders.

I was a little concerned about a year and a half ago when the Alberta government said that in conjunction with an energy agreement it would invest \$7 billion in tar sands development. At that time the heritage fund was not even \$7 billion, yet the government was ready to commit \$7 billion to one particular project. Now perhaps if they would have had to put a thought like that to the Legislature prior to investment, many of us here might have had

second thoughts about investing the entire heritage fund in one particular project.

I think this is a good recommendation. I'd support it.

MR NOTLEY: Mr. Chairman, I certainly would agree to some modification in terms of changing "any investment decision" to "major investment decision". I believe last year we talked about the figure \$10 million. But I think the question of the principle is the more crucial one.

I guess I would just respond very briefly by saying with respect to Mr. Pahl's concern that the tradition is essentially one of taxation without representation: with great respect, Mr. Pahl, I think you're getting Charles II mixed up with the American Revolution. The colonists were primarily concerned, and rightly so, with taxation without representation, as well as some Canadian United Empire Loyalists a few years later. But the tradition that developed as a result of some of the altercations the Stuart kings had was with respect to the prior approval, not only in terms of levying taxes but equally important decisions made with respect to public investments and expenditures.

The question of the delay is, I think, the one that most people probably focus on, but I would ask the members of the committee to look back on the investments we've made in the last year. There were very few of them -- I would guess none -- that would not have come in under the modifications that almost everyone who argues the case for prior legislative approval acknowledges should be there, either contingent on an agreement approved by the Legislature or a special warrant if need be. So when you look back on the investments we've made, I really find it difficult to understand where this enormous inconvenience, where the delay, where the problems arise last year. Or, I look back at 1979, over the investments we made, and I ask the members: in the 1979-1980 report, where would the inconvenience have been, where would the problems have resulted if we had this prior approval concept? I say, with great respect, no major overwhelming problem. Some inconvenience no doubt, but the whole democratic system is inconvenient, Mr. Chairman.

The Member for Calgary Buffalo correctly points out that it would be much simpler, tidier, and faster if we could just do away with the estimates and have all our expenditures approved by the cabinet. But here we sit for at least a month every year -- and correctly so -- and the House of Commons most of the time, looking over estimates of expenditures. That's what our system is all about. I come back to the fundamental principle. If you're talking about a major decision that is going to have an effect on a jurisdiction and the power of the purse strings, expenditures have an effect, yes, but so do other financial decisions. It is the ability of the people to control the people who administer.

Back to Mr. Isley's point about the difference between policy-making and administration -- the whole system of the power of the purse is that it's the elected people who hold the managers accountable, and they can only be held accountable if financial decisions are made on a prior approval basis by all the elected representatives. Without dwelling on years and years of history -- because in 1976 there was more delving into British history than we've ever had before in the history of the Alberta Legislature -- it's there and, in my judgment, irrefutably there.

I just close by saying that it seems to me that it is the test of those who argue against this principle to show demonstratively why, in the investments we already have, we could not have done so with prior legislative approval. I don't think it could be done.

MR CHAIRMAN: The Member for Edmonton Mill Woods. Before he gets a crack, I'd like to remind the Member for Spirit-River Fairview, it wasn't just the Stuart kings who were Scots. King John was English.

MR PAHL: Thank you, Mr. Chairman. Now I have to thank both the chairman and the hon. Member for Spirit River-Fairview for the history lessons. However, I did pose a question to the hon. member at the beginning. While he was challenging all and sundry to defend why it couldn't have been done, I ask the hon. member if he could demonstrate cases where decisions should have been before the Legislature before the fact, rather than on a yearly accountable basis. We have five years of operating experience, and I would ask that the test perhaps be put the other way as well.

MR NOTLEY: Mr. Chairman, I'd be glad to take some time to go through some of the investments I think should have been debated in the Legislature beforehand. But I think the principle, Mr. Pahl, is this: all things being equal, financial decisions must have prior approval. That is the tradition of our system. For those who want to step away from it, the onus is upon them to say we can't do it for X, Y, and Z reasons. I'm saying to the members of this committee that before you turn down a recommendation such as this, it is incumbent upon the members who feel it's not workable to demonstrate with concrete examples of investments already in the Alberta or Canadian investment division, why those investments could not have been made without the system we have as opposed to legislative approval. I suggest, Mr. Chairman, that I've looked over the examples, and I don't see any there. Other members may find examples. I don't see any.

As to the kinds of things that, frankly, should have been debated in the Legislature, I would say that the decision to increase the Alberta Opportunity budget by \$15.8 million when we had an increase in our revenue of slightly over \$2 billion, is something I would very much have liked to have debated in the Legislature. I think that's a very concrete question because that is the arm, if you like, of the heritage trust fund that reaches into diversifying the economy of Alberta through small business.

If you want another example: the increase last year in the amount of money to the Agricultural Development Corporation. I would like to have debated that in the Legislature. It is my submission that notwithstanding what we got from the Minister of Agriculture, if you look at some of the rules being applied, we could in fact go much further than we are today in loaning money both to younger farmers getting started and to farmers who are presently in business: two examples I would have liked to have debated. Setting aside public ownership of power and all the other options, we'll set all those aside: two areas where we made investments that, in my considered judgment, we did not invest enough and should have invested more.

MR PAHL: Mr. Chairman, I would like to point out to the hon. member that the mandate, the decisions, and the operating rules of both Alberta Opportunity Company and the Alberta Agricultural Development Corporation are set first by legislation and then by regulation. He's quite right in the points he made this morning. With a different and varied mandate the Alberta Opportunity Company could indeed be doing more to diversify this province. But that is not an investment decision; that is indeed a decision of the Legislature that can be made in the Legislature any time. It's not an investment decision; it's a strategic decision. So I still say, Mr. Chairman, that he needs to

respond to the test of five years of precedent to demonstrate why we need to change the system of accountability to the Legislature on a yearly basis.

MR SINDLINGER: Mr. Notley has responded quite thoroughly and adequately to Mr. Pahl's point right now; that is, referring to the past five years to demonstrate a need for this particular recommendation. I would address the committee's attention not to the past five years but to the next 20 years, when the heritage fund will have reached a level of something in the order of \$100 billion to \$105 billion. In my judgment, it's going to be rather absurd to not only to the people of Alberta but to the people of this country, probably absurd to the people in any democratic country, when they see the Legislature spending a month to a month and a half each year going over an annual budget of only \$6 billion, but at no time whatsoever going over what amounts to another budget of \$105 billion. It doesn't make much sense. If we're going to look at a budget of \$6 billion each year, then it follows we should also look at a budget of \$105 billion prior to its being expended or invested.

MR CHAIRMAN: Are there any more remarks that any members wish to make?

I'll put the question to the committee on the suggested Recommendation No. 5 of the Member for Spirit River-Fairview. Those in favour of the recommendation? Those against? The recommendation is lost.

Recommendation No. 6 by the Member for Calgary Buffalo. I presume the member has some remarks he wishes to make.

MR SINDLINGER: Very briefly, Mr. Chairman. Recommendation No. 6 reads as follows:

An agency independent of government accountable through the managers of the agency to the legislature, should be established to manage that portion of the Fund intended to earn the profit for future generations.

The reason for the recommendation is that the heritage fund is really two things. One, it's the capital projects division. Two, it's those other divisions. The reason I make that distinction is because the capital projects division is really spending; it's expenditures as opposed to investments in the traditional or historical sense. The capital projects division of the heritage fund, simply put, is nothing more than an extension of the annual budget. It does not meet the criterion which was set out initially in the debate over the heritage fund. The most telling criterion was set forth by the Social Credit Member for Little Bow, and it was reiterated at the time by the Premier; that is, the heritage fund should be used to do those things which would otherwise not be done.

Now all these items in the capital projects division are things that are currently being done through the annual government programs, or had been done through the annual government programs. As such, they're nothing more than an extension of the annual budget. There's nothing wrong with having an extension of the annual budget, and there's nothing wrong with the programs that have been undertaken through the heritage fund. They all have value and merit in their own right. But it's not correct to say they're savings for future generations because they cannot be used for that.

In that sense, I think the heritage fund should be divided into two sections: one, the capital projects, and that could come under the purview,

administration, or management of the elected legislators. But on the other hand, whereas the elected legislators can serve the public interest for this capital projects division, there is more often than not a conflict between serving the public interest and the pursuit of profit. We found that in certain investments over the last few years. So I'm simply saying that to ensure there is proper accountability for the two different pursuits -- one, the public interest and the other the pursuit of profit -- when it comes down to the point of using those funds to earn a rate of return that satisfies the government or the committee, those investments should be made through an independent agency, the independent agency's function solely to earn a high rate of return for those future generations.

Those are the only comments I have. Thank you.

MR ZAOZIRNY: Mr. Chairman, I guess I'm having some difficulty reconciling this proposal by the hon. Member for Calgary Buffalo with his very strong urging of the adoption of the previous recommendation. It seems to me that a moment ago we were hearing an argument in terms of purportedly getting more accountability for expenditures of the fund and specifically the expenditures that aren't part of the capital projects division. It seems to me in this proposal we are hearing exactly the reverse, in fact, getting those expenditures further away from the direct purview of the Legislature. Although there is supposedly some mechanism in here to bring these expenditures, as it appears to me, after the fact, to the Legislature. As I understand the resolution, really it seems to me to pose first of all that dilemma.

Secondly, it suggests to me that there is a perceived difficulty in making investments that are going to provide the best return versus those which may have some particular social value, although not in as much a dollars and cents fashion. Well, if that's one of the intentions behind this resolution, I would simply say I think that under the present mechanism, it is more sensitive to meeting the real needs of people and trying to meet that goal in combination with obtaining a good dollar return, if you will, for future generations. On that score as well, I would have difficulty in seeing where this agency concept would be a better *modus operandi* than the present arrangement.

MR PAHL: Mr. Chairman, if you change the words in the second line of the recommendation from "managers of the agency" to "the Provincial Treasurer", I think you would have a fairly accurate statement of what now exists. And for the same reasons outlined by the Member for Calgary Forest Lawn, it would seem we're moving in the opposite direction of the previous motion. I think of the previous argument of the Member for Calgary Buffalo. If you changed the words so it now read:

An agency independent of government accountable through the [Provincial Treasurer] to the legislature, should be established to manage that portion of the Fund intended to earn a profit for future generations.

You would have very much what we have have now. But I guess you would have the added overhead of creating a president or a chairman of that authority, which appears to operate accountable to the Legislature under the Provincial Treasurer now. So I guess I just haven't understood what the advantage would be. I'm at a loss.

MR NOTLEY: Mr. Chairman, I think Recommendation No. 6 has some considerable merit. First of all, I really don't think one can term our present investors, if you like, of the fund as being independent of government. They are employed by the Provincial Treasurer's Department and, frankly, if they are independent of government, then I think we better take a close look at the Provincial Treasurer's Department. Maybe there'll be other questions to the hon. Provincial Treasurer when he comes. I know of no group of investors of public funds anywhere in the country who come under the purview of the Provincial Treasurer who are independent of government. But perhaps this is a new twist we have in Alberta that I hadn't noticed in other provinces.

I would say that the argument for this kind of concept being inconsistent with prior legislative approval seems reasonable at first, but I don't think it really holds up to investigation. If the Legislature decides that a block of funds would be invested for maximizing profits, then it would make that decision and would allocate funds on that basis. As I see the fund growing to \$40 billion by 1986 or '87, and perhaps \$100 billion five years down the road, that would be the kind of decision we would make. How much do we want to allocate for profit maximization? If we chose the vehicle for that profit maximization to be an independent agency which would account to the Legislature as opposed to the Provincial Treasurer, that would be up to the Legislature. I don't see the inconsistency with the prior approval concept.

The reason I would see an independent agency being useful, however, would be more related to some of the comments I have in Recommendation 12, which is a little different than the proposal made by Mr. Sindlinger. But the concept of an agency which is independent of government is one, it seems to me, that we have to examine closely. I personally believe it has some merit. I don't think it's inconsistent with prior legislative approval.

MR SINDLINGER: Closing remarks if there are no others, Mr. Chairman. I'd like to thank Mr. Pahl and Mr. Zaozirny for pointing out what they felt was an inconsistency. Apparently I didn't make myself clear on the earlier one when I suggested there ought to be some modifications to it, one, in the sense that there ought to be prior legislative approval for major investment decisions. Also, it wouldn't involve those day to day operations where you're turning over investments and investment papers or certificates. But other than that, I think it's completely consistent with the reasoning I gave for Recommendation No. 5.

Also I welcome the recommendation Mr. Pahl made in regard to modifying this one so it would be more acceptable for him. I think that would be a suitable modification. I would change it to read: "An agency independent of government accountable" to the Legislature through the Provincial Treasurer et cetera.

MR CHAIRMAN: I'll put the question to the committee now. Those in favor of the recommendation by the hon. Member for Calgary Buffalo, with I presume the amendment "the Provincial Treasurer" inserted instead of "the managers of the agency". Those in favor of the recommendation? Those against?

MR PAHL: You said, those in favor and those against. I didn't quite understand who was voting on which.

MR CHAIRMAN: I was taking a shortcut. I was trying to amend the recommendation as suggested the same time as have the vote. If you want to go through the long route then we can, if we wish.

MR PAHL: I thought you asked the vote at the same time: those in favor and those against. Did I not hear? Have you called the vote?

MR CHAIRMAN: I called the vote, and there were two members voting for the recommendation with the amendment. There were seven voting against it.

MR PAHL: I wish to vote for it with the amendment.

MR CHAIRMAN: You wish to vote for it? Let's take it over again. With the amendment reading:

An agency independent of government accountable through the [Provincial Treasurer] to the legislature, should be established to manage that portion of the Fund intended to earn the profit for future generations.

Those in favor? Those against? The recommendation is defeated.
Recommendation No. 7 by the hon. Member for Calgary Buffalo.

MR SINDLINGER: This recommendation reads:

An annual audit of the AHSTF should be commissioned by the Select Standing Committee.

There's not much to say about that, Mr. Chairman. It's self-evident. But I do refer to the 1980-81 annual report of the Alberta Heritage Savings Trust Fund on Page 3 in the prologue by the Provincial Treasurer, wherein he makes comments on the select standing committee on the Alberta Heritage Savings Trust Fund. He notes that this committee of the Legislative Assembly "conducts an annual in-depth review of the activities of the Heritage Fund." I think this committee commissioning an annual audit of the heritage fund would go a long way toward accomplishing that function of an in-depth review.

After having been on this committee for three years, I'm not too certain what kind of review, especially in-depth, we conduct of the fund. We have ministers come here. We ask them a few questions about their programs and expenditures. But in terms of in-depth review, I don't know that we have ever done any of that. I don't know if any of the members have the time, the competence, or the capability to do that. That being the case, I think we would be well-advised to get some assistance to perform that function. Other than that, I have a reservation about the government conducting an audit of the fund itself. I'd rather have an independent agency do that. It's a question of who polices the police.

Thank you.

MR MACK: Mr. Chairman, speaking to the recommendation with respect to the committee appointing the auditors, I'd just like to remind the committee that there is the provincial Auditor General, who has the experts on his staff, and does a fairly comprehensive review of the audit and the investments. I wonder what purpose we would serve by the committee merely appointing an auditing firm which would audit the trust fund.

MRS FYFE: Mr. Chairman, I also do not see the need to have two audits. There would still be the requirement to have the audit carried out now if there is a second audit. There would be little difference between the results. I think

where we members of the committee differ in some of our basic concerns perhaps relates to the value judgments as to whether there should be a Canada investment fund or Alberta investments, or whether the fund should emphasize diversification, or savings -- all these areas we've been discussing over the last number of weeks. An audit does not help. An audit simply looks at whether the amounts of money that have been invested or have been set out over the year, have been done correctly in proper accounting procedures. I wouldn't see any purpose in having a second audit carried out by the committee. I don't think it would help the committee members to understand the function of the fund in any more clear fashion than we have now.

MR PAHL: Mr. Chairman, I note that the Auditor's report on the fund is in the back of the annual report. In fact, the Auditor General reports to the Legislative Assembly. So in effect, we do have an audit, if you will, by the parent body of this committee, and it should seem to have the same neutrality and the same validity. What I suggest might answer the hon. member's concern is if we left ourselves the option of calling the Auditor General to the committee in future years. That would be a recommendation I would certainly support. He is an officer of the Legislature, and I would think it would be perfectly appropriate that he appear before this committee, if the committee as a whole felt that was an appropriate requirement. I think, with great respect, the recommendation doesn't recognize what in fact actually happens and who the Auditor General reports to.

MR NOTLEY: Mr. Chairman, I wonder if we can't take up on Mr. Pahl's suggestion. It seems to me that not only is there a good deal of merit in that the committee may or may not decide to call the Auditor General but surely since we call all the ministers, that should be a requirement. The very first meeting should be with the Auditor General, and we take whatever time there is to meet with him. It seems to me -- I agree with the point he makes -- our credibility as a committee would be immeasurably enhanced if our very first meeting or set of meetings was with the person who is in charge of the audit. I like the idea, but I just think it should be a little stronger mandate to the chairman to include the Auditor General in our list of witnesses.

MR ZAOZIRNY: I'd like to indicate my support for the proposal that the Auditor General be asked to appear before the committee. I think that would be a useful way in which members of the committee would get some good background financial counsel, if you will, with respect to the Heritage Savings Trust Fund. While I appreciate the intentions of the Member for Calgary Buffalo in suggesting a separate audit, I think the history of performance by the Auditor General indicates he is most independent in putting forward his recommendations. I think that being the case, it's appropriate we continue with that mechanism.

I support the comments of both Mr. Pahl and Mr. Notley. I share their view that this would certainly enhance the ability of our committee to carry out its function which, as has been spoken to earlier in the day, is going to become more and more crucial with the passing of time and the growth of the fund.

MR MACK: Mr. Chairman, I merely ask the question -- if the Auditor General submits his report to the Legislature through the select standing committee -- I'm just wondering about the mechanism that would have to be developed if we

approve such a recommendation. I'm only raising that as a question, as opposed to making any comment or statement with regard to that. That should be considered as well.

MR CHAIRMAN: Perhaps some of the members can clarify. He is bringing his report on the general revenue fund to the Legislature. We are talking about the specifics here, I understand, of him coming to this committee to discuss the Alberta Heritage Savings Trust Fund alone.

MR NOTLEY: He would be absolutely analogous to a cabinet minister. The cabinet minister comes to the House with his estimates, and that's in no way connected to coming before this committee. It would be exactly analogous. We would have the Auditor General come as the first witness.

MR CHAIRMAN: Having served on that committee, I think it would fit in with the other functions of the Auditor General quite well.

Perhaps the Member for Calgary Buffalo would like to make his closing remarks, in view of the discussion we've had.

MR SINDLINGER: Thank you, Mr. Chairman. I think the discussion has been worth while, if for no other reason than we have a suggestion and there seems to be a consensus on the invitation to the provincial Auditor General to appear before us.

In regard to this specific recommendation, my concern is simply one that's reflected in a cartoon I saw once. You have the accountants walk into the boss and say, "Hey, boss, what do you want us to show this year, a profit or a loss?" Now what comes out in this auditing statement sometimes reflects the point of view taken by certain groups or whoever does it. Now if the Auditor General is an employee of the provincial government, it seems to me it just might be possible to somehow compromise the neutrality Mr. Pahl talked about and have that government's particular point of view reflected rather than a technical straightforward audit of this thing. I don't know if that's the case or not. But in any case, I'd like to know when he does come if any of the members who have prepared this annual report have prepared any other reports for the Provincial Treasurer; if so, if the audit in this one is a selective audit, as opposed to a complete, comprehensive audit.

MR MACK: Mr. Chairman, I feel compelled to respond to that kind of analogy we've just been exposed to. I would like to submit that in my association over the past two or three years with the Auditor General, he and his staff are totally autonomous. They operate absolutely autonomously. To even suggest there in fact may be a compromise is actually totally unacceptable to a very, very honorable Auditor General and his staff. I strongly object to that kind of an analogy that's just been drawn.

MR PAHL: Mr. Chairman, I think the hon. Member for Edmonton Belmont has spoken to the defence of the Auditor General. But I think the important point needs to be emphasized: he is not an employee of the provincial government; he is an employee or servant of the Legislative Assembly. The other point I think the hon. Member for Calgary Buffalo has missed is that the Auditor did not present this report. He presents his own report on the Heritage Savings Trust Fund, a covering letter to which is included in the report. So it's not the report of the Heritage Savings Trust Fund that the Auditor General has prepared, but rather a report on the accounting, incomes, transfers, et cetera of the fund.

I think there's a fundamental misunderstanding, or at least a communication on it, that needs to be clarified for the hon. Member for Calgary Buffalo.

MR CHAIRMAN: I think the Chair would like to suggest perhaps the Member for Calgary Buffalo could reword Recommendation No. 7 to cover what appears to the Chair to be a consensus. But that's up to the Member for Calgary Buffalo.

MR NOTLEY: We have the technical report from the Auditor General. Perhaps one of the members could advise me, I'm not sure that the Auditor General legislation allows the Auditor General the latitude in commenting on the fund that he does on general revenue. I think that's a crucial point. If he has that latitude, then I think we're off and running, and No. 7 wouldn't be necessary. If the Auditor General, in his purview of the general operating account as well as the heritage trust fund, finds silly things being done with the heritage trust fund and he can put that in his report, that's fine. But if not, if it's just a financial accounting as opposed to having the normal powers of an Auditor General, then perhaps we might consider the feasibility of a recommendation that would not only invite the Auditor General to come to this committee but also give the Auditor General the same sort of latitude in commenting on the fund that he does on general revenue. Perhaps Mr. Mack could advise us, or if he can't, perhaps find out and let us know. We might hold this recommendation until such time as we find out. Could we do that?

MR CHAIRMAN: Perhaps the Member for Edmonton Belmont could do that, and we'll hold discussion on this.

MR MACK: Thank you, Mr. Chairman. I attempted to get that before us earlier, but probably did not make myself clear as to whether in fact this could be accomplished. I would be pleased to get in touch with the Auditor General and have his expression as to what his understanding is as to his terms of reference with regard to being available to this committee in that context.

MR CHAIRMAN: We'll hold discussion on Recommendation No. 7 pending communication from the Auditor General.

MR SINDLINGER: That's fine with me, Mr. Chairman. Relative to Mr. Mack's remarks, I in no way want to impugn the integrity of the Auditor General or anyone associated with him. It's simply that I wanted a difference of opinion and perhaps the words which best convey that now are determining what the terms of reference are for him in regard to the latitude he may have in commenting on the fund.

MR CHAIRMAN: Perhaps the committee could now return to Recommendation No. 1, since the Leader of the Official Opposition is here. We decided that we would go through them numerically provided the proposer were here. That would give everyone a chance to speak to their own proposals. If the Member for Little Bow would like to go ahead with that now.

MR R SPEAKER: I'm sorry I wasn't here earlier, Mr. Chairman. I'm not trying to boycott the committee. That's not my intent.

The first part of the general recommendation I made here is:

to put the wealth of the Government of the Province to work to the direct benefit of Albertans whose own money in fact makes up the Fund;

In my earlier remarks in the committee the question was raised, how do I benefit from the Heritage Savings Trust Fund, as the report begins. As you talk to individual Albertans, the feeling is that they don't benefit directly. That's number one. Number two, in a survey we did a few weeks ago, our feeling was that Albertans support the fund and feel that the purpose of savings may be all right, but directly they don't feel they benefit. Writing this as one of the objectives would be to reflect that function of the fund, to try to relate more to the needs of individual Albertans.

The second part:

to produce the maximum possible rate of return while maintaining the responsibilities of a prudent investor;

I think that's a general statement. We've discussed that here. We should always try to bring about a rate of return greater than the inflation rate. Thirdly:

to develop the economic resources of Alberta in order to provide a diversified economy.

We've had a number of debates in the Legislature about diversification, and that isn't as an intent. Our feeling here is that the government has moved to more of a savings objective rather than the intent of diversifying the economy. Because they found the task a little difficult, they've moved away from that objective. This would just clarify that to say, look, that still is a good purpose.

MR PAHL: Mr. Chairman, I would ask the hon. Leader of the Opposition if he might help me by perhaps suggesting where the capital projects division, the Canada investment division, the Alberta investment division, the energy investment division, the commercial investment division, and, if you will, the deposits and marketable securities area or Section 9 area would be, in effect, reshuffled to make this a more understandable communication. I could apply those points to the distribution as it is now set up. I just wonder whether he could help me by running through those to suggest how they might be reshuffled into his recommendation.

MR R SPEAKER: Mr. Chairman, a quick response to the question. In terms of [1](i): to put the wealth of the province to work for more direct benefit of Albertans, I think I made the remarks earlier about mortgages, helping young farmers in terms of interest rates and the commercial small businesses. That would be one way, if we increased those areas. That would say that we believe in that objective. That's an example.

To increase the rate of return: I think the Provincial Treasurer said in the Legislature that he is making attempts to do that. But it really isn't written into the objectives in that clear way. We now believe there is a greater need to maximize the rate of return. So we spell it out as an objective.

To develop the economic resources of Alberta in order to provide a diversified economy

That objective was getting lost, and the Premier has indicated as well here in questioning that it's a savings function we have and diversification isn't one of the primary functions. We want to raise that up to function.

MR PAHL: I think I appreciate what the hon. member is saying. But, responding to his last point, if I look at the explanation for the Alberta investment division: "will tend to strengthen or diversify the economy of Alberta."

The energy investment division -- the Act was amended in 1980 -- provided for:

the making of investments which, in the opinion of the Investment Committee, or in the opinion of the Legislative Assembly as expressed in a resolution of the Assembly, will yield a reasonable return or profit to the Trust Fund, and will facilitate the development, processing or transportation of energy resources within Canada:

Similarly, the commercial investment division, as provided for in a 1980 amendment, was for the purpose of:

the making of investments which, in the opinion of the Investment Committee, or in the opinion of the Legislative Assembly as expressed in a resolution of the Assembly, will yield a commercial return or profit to the Trust Fund.

I'm sorry, but I see those same elements within the legislative framework. It's not clear in my mind how putting them into three broader divisions will make them any clearer, or in fact make it any more effective in itself. I still haven't understood that. I'm willing to hear it, but I just hear the same words in different places.

MR R SPEAKER: Mr. Chairman, the hon. member may be accurate in terms of (ii) and (iii), that there are in words in the report. But in terms of actions, I don't know whether we've had that kind of result from the government. I think this is an emphasis to say, look, those are good objectives, and let's really put them into effect.

In terms of (i), my feeling is, from the survey results we have done, that Albertans feel that the direct benefit of the Heritage Savings Trust Fund isn't there. So I would say that this may be new and different. The other two are maybe for emphasis, and we'd be arguing a fine point otherwise.

MRS FYFE: Mr. Chairman, I'd just make the same point I made on No. 2 in our discussions this morning. If I understand what the Member for Little Bow is saying, he would like to have the subsidy come from the Heritage Savings Trust Fund rather than a voted appropriation as it is now.

I wonder if he would answer that question.

MR R SPEAKER: Mr. Chairman, I wasn't here for the earlier debate, but I'm not saying that the subsidy necessarily come from the Heritage Savings Trust Fund. What we do now as I recall, we guarantee the fund for the Alberta Opportunity Company, the Agricultural Development Corporation, and I would see that we

should expand that purpose. That would be one way of doing it in specific terms. The subsidies would still come through general revenue but only to a larger, expanded demand.

MRS FYFE: Well, comments have been made to the committee; for example, by the managing director of the Alberta Opportunity Company, that there were sufficient funds available for that organization. So I don't think it's the amount of funds that have been a problem, although it looked it for a while a few months ago. With the signing of an agreement, I think our future looks a little more positive, rosier than it did a few weeks ago. Regardless, I don't think that's the point.

I really have some difficulty accepting what is meant by (i). To date the various corporations borrow money from the fund. The subsidies that go to individual borrowers do not come from the fund, although all borrowers benefit from the fund. So how can it be more beneficial unless you change that basic principle. I don't have problems accepting the two comments (ii) and (iii), but I certainly do with (i).

MR MUSGREAVE: Mr. Chairman, I think the fund, the way it's structured now, is trying to help a majority of significant producers of wealth in our community. I'm talking now about the agricultural community in particular. I get a little concerned when I hear rural members say we should give more money to young farmers to start up. I think that's great. But right now, how many young people in Calgary or Edmonton under the age of 25 can borrow \$300,000 at 6 per cent interest to run a small business? Not very many. If you're suggesting we should benefit Albertans, I'll tell you the best way. Give every one of us \$500,000, and let us decide how we're going to spend it. To me that's a more important benefit than participating with any politician telling me what great things he's doing with my money. If you want a direct benefit, give me the money in my hand. I'll look after it, thank you very much.

We pick out the farmers, the small business men, and we go through this report and we pick out the senior citizens. I think we should be concerned, as members of a society all doing our job, to work together and not be isolating segments of our community and putting one off against the other. It's a purely political approach we're doing here. I just can't support this recommendation at all, Mr. Chairman.

MR KNAAK: Mr. Chairman, I guess we've debated this one back and forth over the years. I think the thing that is often forgotten by those who aren't really familiar with the whole government program and how the Heritage Savings Trust Fund came about is the fact that the Heritage Savings Trust Fund is a decision relative to the whole use of the non-renewable resource revenues and royalties. When we talk about the Heritage Savings Trust Fund benefiting present Albertans, the proper question to ask is how is our heritage being used to benefit the present generation? Well, our heritage is our oil and gas and other non-renewable resources, and 70 per cent of that exhaustible resource is being used to benefit Albertans presently.

Now we happen to be pumping it out of the ground -- or at least were, until the federal/provincial conflict -- as quickly as possible. That is not necessarily prudent management when you talk about equity between generations. There's absolutely no reason to believe why this generation should get the total benefit from the oil and gas that took billions of years to put underground. This government had the courage to say, yes, this generation

will take 70 per cent of the benefits. It was the only government in the Commonwealth to say, we will benefit future generations as well. It is a heritage to all Albertans, not just this generation. It's a heritage to our children. So when someone asks, how is the Heritage Savings Trust Fund benefiting us, it's not the proper question. The proper question is how is the total revenue from our exhaustible heritage, the oil and gas, benefiting this generation? Seventy per cent is going to the benefit. We have said 30 per cent is for the benefit of future generations. Who wants to disagree with that? Shouldn't our children benefit from oil and gas? Just us? Should we have lowest taxes, greatest subsidies, least reliance on ourselves?

I think we're doing quite well, and I'm not sure what the Leader of the Opposition is suggesting here talking about getting the benefits of all this right now. The other thing I think is obvious is that 30 per cent of the fund goes into capital projects division, which is medical research, parks, research in agriculture, and so on. This generation benefits from that as well. I make absolutely no apology and support very strongly that we do put 30 per cent aside as we do now for the future generations and that we invest it to maximize our return. If you want to subsidize people, you don't get a maximum return.

MR NOTLEY: I don't think anyone has argued this morning either under Recommendation Nos. 1 or 2 that the subsidy shouldn't be looked upon as the General Revenue Fund. The question is, and I think the Leader of the Opposition put it very well: on what base do you subsidize? I think the beginning farmer program is an excellent example. There is a subsidy -- no question about that -- picked up by general revenue. Similarly a subsidy through our housing program is picked up by general revenue. The question is, should that base for subsidy be expanded? I have no difficulty in supporting this recommendation, particularly the third section of it.

Mrs. Fyfe raises the point correctly that in terms of the rules of the game set out by the Alberta Opportunity Company and by the Agricultural Development Corporation, there are sufficient funds, according to the rules of the game, which we all recognize are narrowly defined rules which allow both agencies to operate within the funds that are either appropriated by the investment committee or come back in the form of loans that are gradually being paid off by people who already have loans. But the crucial question Albertans are asking is, should these agencies, which are the primary agencies of diversification in this province, be expanded? Should there be more money for the Alberta Opportunity Company?

I think the minister would have to agree, and I'm sure Mrs. Fyfe would agree, that we would in fact be able to loan much more money, both urban and rural, if we changed or modified the rules that the AOC operates under. That's very much a question of funding. Now, you could say, which comes first, the chicken or the egg? Do we change the rules first and then come back to the heritage trust fund, or do we look at this in terms of the overall investment objectives of the fund? It seems to me that in fact both are necessary, but they can't be looked upon in isolation. If we're concerned about diversifying, and we're concerned about diversifying through the private sector, then we should be putting more money into both these agencies. That is going to require changes in the regulations.

MRS FYFE: More subsidies.

MR NOTLEY: Yes, Mrs. Fyfe, more subsidies. There's no question about that. That becomes a very debatable item, true. But I have no hesitation in saying that, despite what Mr. Musgreave raises about young farmers getting this subsidy, we want to keep farmers in business in this province. Damn it all, we're going to have to make money available, subsidize interest rates. We want to maintain the family farm; it's that simple. We've got a good program under the beginning farmer program now. But the fact of the matter is that it could be better if more funds were made available.

I have no hesitation in taking what political flak comes my way for voting in the necessary subsidies each year from General Revenue Fund of the province. I think if we did more of that, Mr. Chairman -- I think that's essentially what the Official Opposition is putting forward here. It's not a case of throwing away the heritage trust fund, but investing in diversification and placing the emphasis on that. I don't think there's a better way of investing the fund. It's not going to lead us to quite as nice a return at the end of the road, but if we get people successful so they are taxpayers rather than receivers of tax dollars, that's going to be a much better heritage 20 or 30 years down the road.

MR ZAOZIRNY: Mr. Chairman, I had hoped that the debate to this point on this particular recommendation would have helped me in my difficulty in understanding exactly where it's intended to take us. To some extent it has. As I read the recommendation originally, as it's worded:

Divisions of the AHSTF be restructured to more clearly reflect the functions of the Fund.

It seemed to me it was suggesting little more than that we reclassify the existing investments, rather than a redefinition or expansion of objectives, if you will. I take it from the discussion that has taken place that the intent of the recommendation -- which I still have some difficulty with in terms of some vagueness, if I might say so with no disrespect -- is to look more at a diversification than savings function. While I share the concern that there be just as much diversification of the economy as is possible so that we reduce our dependency on non-renewable resources, I'm not entirely sure we're really adding a great deal to the present parameters of the objectives of the fund with this kind of recommendation. It seems to me that it has been the government's policy to try to do both: to see the fund as a savings device -- and I do support that concept -- and to the extent that it is economically viable, to increase the diversification of the economy.

I think this recommendation, and some of the debate that has taken place on the part of those who are speaking in favor of it, would suggest that that is not an objective of the fund. I don't think that's either true or a fair statement. It appears to me as a member of this Assembly and of this committee that we have learned over the past number of years that it is somewhat difficult in fact to diversify the Alberta economy. To the extent that there hasn't been the degree of diversification we would all like to have seen, it isn't because we're unwilling to do so; it's because we have found that that is a very difficult objective to achieve. I would simply say that I concur with those who say we should work even harder at seeking ways to diversify the Alberta economy, and particularly through the Alberta Heritage Savings Trust Fund, while maintaining that savings dimension as well.

In conclusion, Mr. Chairman, while I share very strongly the belief in pursuing greater diversification, to the extent that this recommendation

suggests that that is not being sought and worked at is not the case. Further, I don't really believe this recommendation adds a great deal to what are already the acknowledged objectives of the Alberta Heritage Savings Trust Fund.

MR MUSGREAVE: Mr. Chairman, the hon. Member for Calgary Forest Lawn has said what I'd like to say, only in a much smoother manner.

I sympathize with the hon. Leader of the Opposition and the Member for Spirit River-Fairview. They obviously have to protect their mandate, which is to represent the small business man and the farmers. I appreciate that they're doing a good job. But I also have to point out that I have to represent the people from the cities. What worries me is this year our budget has increased 22 per cent. Our revenues have increased 10 per cent. The Member for Spirit River-Fairview says, well, he agrees that if we put more money out to farmers and small business -- whether or not they're economically viable doesn't seem to be any criterion -- let's get the money out there. So the subsidies will be greater. So that's no problem, we should be able to live with it.

Well, I suggest, Mr. Chairman, we're not going to be able to live with it if we continue on the merry rate we've been spending money this year, with our revenues going the way they are. As a city boy, I read the papers. This year the farmers in western Canada are going to have the best crop they've ever had. Somebody must be doing something right. I give credit to the farmers, to God, and to whoever else is involved in this process. As a city person, I think we're doing a lot of things the right way in this province.

MRS FYFE: Just very briefly, I wonder if the mover of the motion would be prepared to break it down. As I said previously I find (i) is far too vague. If it were a specific recommendation that we move into a new category, such as venture capital or something specific, I think we could deal with it. But it's very vague, and there haven't been sufficient replies to say that we could support it in its present wording. If he would be prepared to break down (i), (ii), and (iii), perhaps we could deal with them in that way. But there is no way I can support the motion including all three points with (i).

MR CHAIRMAN: I think the other point is that the Leader of the Opposition, by my understanding, really did not want to change the divisions, but to reinforce the emphasis on the two things: to get the greatest return from a savings standpoint, and to get the diversification of the economy emphasized as well. That does not require the restructuring mentioned in the preamble. With those provisions, would the Leader of the Opposition be amenable to taking the three items one by one?

MR R SPEAKER: Yes.

MR CHAIRMAN: Well, I'll put the question about the recommendation with the provisos that have just been given. First of all, Subsection (i), those in favor?

MR ZAOZIRNY: I'm really quite confused here. Is this supposed to be some sort of general statement of policy or philosophy on our part? Is it intended to suggest that these things aren't happening? In my view, if I were looking for a comprehensive statement of the role of the Heritage Savings Trust Fund, I'm not sure this would completely encompass it, but to some extent, I think it

does. I don't know that I have particular difficulty with each of these three items. I'm just not sure what it purports to be. To talk about getting a maximum rate of return, being a prudent investor, gosh, who could disagree with that. To talk about developing resources to diversify the economy, I find that hard to disagree with. To put the wealth "to work to the direct benefit of Albertans whose money . . . makes up the Fund." Well, I don't think I have any particular difficulty with that. I don't think there is any hidden meaning in those words. To that extent, I guess I would vote in favor of those, if they're put on an individual basis. But again, where are we headed? What's the idea of this, if I might ask the mover of the recommendation.

MR R SPEAKER: Mr. Chairman, it isn't a plot of any kind. I want to assure the hon. Member for Calgary Forest Lawn that it isn't. The reason these were placed on the agenda was a follow-up to the remarks I made to the Premier the day he was here. At that point, I indicated to the Premier that we should look at possibly changing our emphasis. I believe those were the words I used. Individual Albertans were saying, the fund doesn't really relate to me. So on that basis, (i) specifically was the follow-up of that. [Subsection] (iii), the Premier did mention that the savings function took priority, and diversification wasn't getting the same emphasis. I was saying, look, we should re-emphasize that.

MR SINDLINGER: Mr. Chairman, I have to agree with what Mr. Zaozirny has said here. This recommendation is very confusing. What happens is it gets right down to the basic problem we seem to have in this committee year after year: identifying exactly what the committee is intended to do. That's been demonstrated by going through these recommendations. If you look at No. 2, it says "the primary objective of the Fund", and goes on to the "major criteria for investments". Recommendation No. 3, "emphasize the savings nature of the Fund", and on to 4, "emphasize the source of the Fund" and the importance of it.

It seems to me if we're going to start discussing these things we ought to do so at the beginning and define what the function of the fund is or what the objectives are. I could go through this list very quickly, the 75 recommendations we have, and take the objectives already laid out in the heritage fund Act. For example, the heritage fund Act says it should earn a maximized rate of return. Another objective is it should have long-term social or economic benefits. Another objective is that it should strengthen or diversify the economy. Now, given that set of criteria, I can look at any recommendation here and say, yes, it meets this one criterion, or no, it does not meet that criterion. If it meets the criteria set out in the Act, well then I don't see any problem in this committee accepting that recommendation. But what we're getting into today is a discussion of different investment criteria or expenditure criteria. If we're going to discuss a different criteria as we go along from investment to investment then we run the risk of changing criteria as we go along. I like the criteria as it is set out in the Act today. It's very specific. There are the four functions: savings for the future, rate of return, long-term social or economic benefits, strengthen or diversify the economy. Now do the 75 recommendations we passed out here today meet those objectives? If they do, more or less, then let's accept them and move one. If not, let's reject them.

On the other hand, if we're going to start with recommendations like this one, that means we're going to have to redefine the criteria by which we're

guided. We're at a basic starting point again. We either go with the criteria we have in the Act, or we redefine them. If we're going to redefine them, let's redefine them at the beginning so they can be applied evenly to all the recommendations.

MR CHAIRMAN: Perhaps the member noticed that I did put it No. 1 out of all 75.

MR R SPEAKER: Mr. Chairman, in response, I think the points are well taken. One of my purposes was certainly to emphasize these. They were functions I felt were of good purpose. 1(i) would change the term of reference, "to put the wealth . . . to work to the direct benefit of Albertans". The examples I have given under that is AOC, ADC, and we've had a discussion about that. It would mean that individual Albertans in their business, on their farm, would gain greater benefit from the fund. That would receive a greater emphasis if we passed that. Possibly, after the discussion of the hon. member from Calgary Buffalo, I'd be prepared to withdraw (ii) and (iii) because we'll accept those as functions and purposes. But I have emphasized them. I've fulfilled a purpose there. So I'll withdraw (ii) and (iii). [Subsection] (i) is different in terms of a guideline. I don't know whether we as a committee want to discuss: do we make other recommendations for legislative changes or not. That would be [inaudible].

MR CHAIRMAN: With the recent remarks by the Leader of the Official Opposition, are we ready to vote on Recommendation No. 1, restricted to Subsection (i)?

MR KNAAK: Mr. Chairman, I'm still not sure whether my concern is dealt with. My concern is that the purpose of the Heritage Savings Trust Fund was designed when one looks at the total use of the funds from the exhaustible resources. A decision was made by the Legislature that 30 per cent of the revenues resulting from our wasting heritage, oil and gas, should be saved for the benefit of future Albertans. That was the purpose of the Heritage Savings Trust Fund, and that is still the purpose. No one argues -- and I certainly don't -- with programs such as Alberta Opportunity Company, I'm a strong supporter of that. We need more of that going to the cities. The young farmer's program, a great program, and on we go. That's not the argument. But what I'm saying is we're getting 70 per cent for this generation to benefit, plus we're getting the capital projects division of this fund for the current benefit. We even benefit from knowing that our kids will be in good shape because this fund exists.

Any subsidy we're talking about with respect to Alberta Opportunity, young farmer program, Alberta housing, should come out of current revenues. That's where the confusion is. Although I don't disagree with anything that appears to have been said, I still can't support this resolution because it really confuses the whole purpose of the Heritage Savings Trust Fund. I would just as soon hope that the whole thing is withdrawn, given that our discussions have mutually supported one another, and there isn't that much disagreement, except that it's hard to deal with the wording of this resolution.

MR NOTLEY: Just one observation on this wording as it's now put before us. It seems to me that the way it would read now is that, while this wouldn't necessarily be a new criterion -- I think the four criteria that the Member for Calgary Buffalo pointed out would not be altered -- it would be underlining that one method of achieving, certainly, the diversification would be direct benefits to Albertans through agencies we already have in place. I

think it's a direct benefit to Albertans to have AOC, ADC, and Alberta Home Mortgage, and what have you. It would seem to me that benefit is there.

Now the question of the shielding or the subsidy, I think should probably come from general revenue. The question as to what the base of shielding will be is obviously dependent on how much of the fund is put into agencies that do have a direct benefit. One can talk about how we diversify the economy of Alberta. You can say we diversify the economy of Alberta by investing in Alberta Government Telephones. We've got a good part of our Alberta investment division in Alberta Government Telephones. Or you can say that we better diversify the economy by having \$500 million in the AOC instead of \$100 million.

It seems to me that that's what we're saying here: that one of the major instruments, if you like, of meeting the other criteria is investment through agencies which can provide a direct benefit to individuals who go in, borrow the money, then make their own decisions what they're going to do with it -- either build a CHAP home in the city, expand their business wherever it may be, or get a son involved in the family farm. There are a range of options. But all of them have one common denominator; that is, there is a direct benefit to the citizen who has access to money, even though the shielding would be coming from general revenue. The relationship between the two is that the basis for the shielding would be the funds available from the heritage trust fund.

MR PAHL: Mr. Chairman, inasmuch as the hon. Leader of the Opposition has agreed to withdraw two, perhaps he might also agree to adding point No. (i) to Recommendation No. 6 of the Alberta investment division, and we will both be winners. No. 6 of the Alberta investment division says:

The Investment Committee of the AHSTF be prepared to consider increased debenture funding to the Alberta Opportunity Company, should its presently available funds be fully disbursed under its present or a broadened mandate.

Now, he may wish to add more to that and perhaps to his Recommendation No. 7, pages 11 and 12. But in the interest of focussing and sharpening our recommendations, I submit that the general has helped to focus our discussions and will help us in working through the balance of the recommendations. But I think it could be better served in a more specific direction, which would be where I would be prepared to support the general intent of these recommendations.

MR R SPEAKER: I agree with Recommendation No. 7. I support that. The only problem I may have is that it may not be all-encompassing as a recommendation. There may be ways other than the AOC, the ADC, mortgage rates, by which we can directly benefit Albertans. That would be the only reason I would have to not withdraw it. I'd be prepared to look at a more limited type wording if the committee would like that. Let's say if we passed it in general, I'd be prepared to work with the hon. member from Edmonton and work out a wording that's satisfactory in that line.

MR CHAIRMAN: Perhaps we could do that and then discuss it at the time we're dealing with recommendations 6 and 7 under the Alberta investment division. Would that be satisfactory to everybody?

We'll now proceed to the general Recommendation No. 8. The Member for Calgary Buffalo.

MR SINDLINGER: Mr. Chairman, this recommendation reads as follows:

The Legislative Assembly should debate the Annual Report of the Select Standing Committee on the Alberta Heritage Savings Trust Fund Act for at least the first sitting day after it [that is the annual report] has been tabled in the Assembly.

Mr. Chairman, I don't wish to say anything other than that this recommendation is consistent with others which are intended to bring the heritage fund more into the Legislative Assembly than it is now.

MR KNAAK: I guess I have the question of what the intent is to have a debate on the recommendations since the recommendations are tabled, and we've already debated them here. Is the intent that we participate in the debate once more? What's the intent? . . .

That question, Mr. Chairman, is directed to Mr. Sindlinger.

MR SINDLINGER: I believe I covered that in the opening comment.

MR CHAIRMAN: I only had one problem when I was reading through this one: "for at least the first sitting day after it has been tabled in the Assembly". The date of tabling would then dictate the date of the debate, which might make it a little difficult for the house leaders on the government and opposition sides to schedule matters. Perhaps if it were changed to "shall be debated in the Legislative Assembly", rather than specify the date. Because that's one difficulty. I think perhaps the Leader of the Opposition might have something to offer on that subject.

MR R SPEAKER: In terms of mechanics, I can possibly see some problems, but I think in principle the resolution is valid, in that a debate in the Legislature would bring the Heritage Savings Trust Fund before the general public of Alberta. The principle I can accept, maybe the mechanics of the wording isn't quite as acceptable.

MR KNAAK: In light of that good answer from Mr. Sindlinger, these are my comments. One of the things I think has happened to the Legislature and the process generally, it's getting bogged down more and more, and less and less actual work comes out of these committees. More and more time is spent chatting. Actually the extent to which anything goes to the public is very dependent on the media. These are public forums. We're debating the issues right now. There's absolutely no reason to believe that the second time around, if we are the same people debating it again, there'd be more attention than the first time around. I would think less, because the debate has already taken place in open session in a public forum. In light of the interest of speeding up the efficiency and streamlining the work, of both this committee and the House, I can't see any useful purpose being served in rehashing something we've already done before. I would oppose that proposition.

MR NOTLEY: Mr. Chairman, I don't think there are insurmountable technical problems either. It seems to me what we have here is a proposal that at a

given time the House time be set aside -- that of course could always be changed with the unanimous consent of the House, because the House is fully the master of its procedural rules at any time. But all things being equal, we go immediately into the debate on this report, in the same way that, all things being equal, as soon as the budget address is given by the Provincial Treasurer, the next order of business is the budget. After the Speech from the Throne, the next order of business is the Speech from the Throne. What Mr. Sindlinger is saying is that after this report, at least one day's time would be set aside for debate. It seems to me that that's highly reasonable.

The possibility that we'll be running through the arguments again is totally irrelevant, frankly. That often happens, and no doubt will happen. That's not the point. The point is that there are 15 members on this committee. There are 79 members in the Legislature. All 79 members have the right to participate in the debate and tell this committee that they either agree with the recommendations, and they think we did a good job; perhaps censure us, as they may choose to do; or differ with us, as is possible. But surely the debate, being part of an important part of our legislative agenda -- and that we're saying this report is sufficiently important that we want the same kind of consideration in the rules as we have for other major debates -- is not unreasonable in my judgment.

The only other point I would make is that it would seem to me there is no serious procedural problem. I would assume that the chairman, before tabling the recommendations, would consult with both the government and the opposition, so it would be tabled at a time when it would be possible to have the debate.

MR ZAOZIRNY: Mr. Chairman, I would also agree that any technical difficulties could certainly be overcome. I don't see that as any impediment to the adoption of this particular recommendation. I also believe that it is fair to say that not only is the fund and its application of real concern and on the minds of Albertans today. In the years to come with its growing in size, that will certainly continue to be the case. I think that being so, it is appropriate that the Legislature pay due regard to the importance to the fund.

With the adoption of this recommendation from the Member for Calgary Buffalo, I think we would perhaps be putting together a very good package, if you will. On the one hand we have this particular committee which has a specific function to review the activities and actions in respect of the Alberta Heritage Savings Trust Fund and make recommendations, and by the establishment of this committee that goes a long way to showing the very special nature and importance of the fund. Then by ensuring that, with the tabling of the report of the committee, there is an opportunity for all legislators to participate in a debate on the fund.

I think that would be a very valuable addition to the present means by which we ensure there is proper accountability and proper functioning of the fund. That isn't in any way to take away from the actions of those who are charged with the direct operation of the fund. So, I see this as being a very positive recommendation. I would support it.

MR CHAIRMAN: Might the Chair suggest that we change two words, where it says, "the first sitting day" to "at least one sitting day". Is that acceptable to the Member for Calgary Buffalo?

MR SINDLINGER: Very much so, Mr. Chairman.

MR CHAIRMAN: On that basis, can we put the question. Those in favor of the recommendation with that amendment? Those against? The recommendation is passed.

General Recommendation No. 9, the Member for Spirit River-Fairview.

MR NOTLEY: Mr. Chairman, I discussed this matter at our first meeting, and the committee this year chose not to hold public hearings. But I am convinced that should the entire committee hold public hearings, we would be pleasantly surprised by the interest in the Heritage Savings Trust Fund throughout the province. I would argue that we have an obligation to do so. We have the right as legislators to submit recommendations on the trust fund to the Legislature. But I think the question as to how those recommendations are formulated is an important one to consider. In my judgment, one of the considerations has to be the option of holding public hearings.

Both Mr. Sindlinger and I held public hearings. The effectiveness of the hearings in both cases was moderated because individual members were holding the hearings. But I think it's fair to say that in both the case of the hon. Member for Calgary Buffalo and mine, we were pleasantly surprised by the large number of submissions -- we're still getting submissions in my office -- from people who had some very constructive ideas. I hope that, regardless of what happens when I move the motion in the Assembly, this matter be referred back to the committee, that members will take the time to look over the 148 recommendations that came forward from organizations and individuals in the province.

My own guess -- it's just a guess, but not unrelated to a fairly reasonable understanding of Alberta -- is that if we had all-party hearings of the Legislature, if this committee held hearings throughout the province it would be a box office draw unparalleled in legislative history. We would have a greater attendance at these hearings than any other legislative committee. That is my own personal guess, if the entire committee undertook hearings on the Heritage Savings Trust Fund. I think Albertans are interested in how the trust fund is to be used.

I might just say -- and I think it's important that this be underlined because someone suggested we've got all kinds of people who are prepared to tell you how to spend the fund, but very little interest in how to invest it -- I did not find that in the submissions I received. The vast majority of the submissions related to investment of the fund. Even groups concerned about expenditures saw endowments being the route to go, similar to the medical research endowment. So there was an underlying recognition among the public that this is a trust fund, and we should be looking at investments. Now it wouldn't be true in every single recommendation, but it was true in the vast majority.

I'm convinced that the whole political process in this province -- the government, the opposition parties and independent members as well -- would benefit from a well-organized set of hearings. I think it should be done on an annual basis. But let me suggest that even if members don't see it as an annual process, I think it should be part of our process as a committee, quite frankly. I would argue that we should undertake the hearings, and I would further suggest, Mr. Chairman, that we should not do it at a time when we are all boxed in time frames. This is part of our problem with the way we've been doing things. We start in late August and we're caught with the preparation for the fall session. Perhaps between the winter and the spring session, we should look at doing this on an experimental basis, at the very least.

I'm convinced from my own experience that the interest is clearly there. I don't think there is anything, frankly, that would heighten the public understanding of the trust fund. The information we presented to the people who came to the hearings we held was not, incidentally, a New Democratic Party critique of the fund, but rather the last quarterly report. I think we probably got rid of more quarterly reports than has been dispensed for some time. People had never seen them before and were rather interested. The quarterly reports formed the basis of information given out to the general public. I'm convinced that if we did that as a committee, it would heighten the profile of the committee, which is important because we have a vital role to play as watchdogs on this trust fund. It would give us better access to the interested public. We're not just talking about somebody prepared to say a word or a two on an airplane between here and Calgary, or in a hotel lobby, or whatever the case may be, but someone who is interested enough in coming forward, taking the time to write a good brief, make the submission.

You know, it's totally consistent with our legislative tradition. I know of no other legislative committee I've served on that hasn't had public hearings of one kind or another. If we can have public hearings into surface rights, The Workers' Compensation Act, foreign investment, and into a whole score of other subjects, then why not in this particular instance?

MR PAHL: Mr. Chairman, I don't know as having it be a box office event is a good recommendation for a public hearing.

I was under the impression that our meetings here were held in public. The Legislature is in effect a public hearing of the business of Albertans. There does seem to be a good deal of this business conducted in public. However, I think the most important part of dealing with this recommendation is that it's quite noticeably absent in the mandate of this committee. I would suggest that it might be a more appropriate recommendation -- certainly two members of this committee feel sufficiently strong about public hearings to undertake some initiatives on their own -- and I would certainly support a recommendation that says one of the things perhaps we could do in that first day in which we discuss the report is raise the question of public hearings in the full Assembly. As I am not satisfied in my mind of the need, I still don't see it as an appropriate part of what this committee was set up to do. But certainly, it would seem reasonable to me if we sought direction in that regard from the full Assembly.

MR MUSGREAVE: Mr. Chairman, I guess I have to differ with the Member for Edmonton Mill Woods. If I was sitting in the Assembly and this recommendation came to me that this committee should hold public hearings, my reaction would be, well, it's your committee, and if you think that's the way you can justly fulfil your role, then you better be holding the public hearings, and not coming back and asking me whether or not you should do it.

I support what the hon. Member for Spirit River-Fairview said. We certainly have to try to give this committee a higher profile in the province, whether or not doing it by way of public hearings. I've just gone through a few of them myself with the surface rights. I frankly question the advisability of doing it in some parts of Alberta when they sit there and tell you that you're keeping them from their curling game, or they want to go ice fishing, or would you postpone the meeting a month or two because most of the people in the area are in Hawaii. It just makes me wonder.

I would oppose this motion because I think it should be decided by this committee. I would be prepared to debate it. I think it might be an idea for

us to try a few, but not a total provincial one. Then when you do that you have the problem, well, where do you go? Do you go to all the constituencies? Do you just go to a few? Do you just go the major centres? I can see a lot of problems in that regard.

MR KNAAK: Mr. Chairman, I guess one of the things I always wonder about, especially with the Member for Spirit River-Fairview, is whether he's suggesting that we convert it from a savings fund to a spending fund. If we're talking about keeping it as a savings fund, the principle of which is established, we've had criticism that our managers aren't competent enough, with which I don't agree. There's always an opportunity to upgrade anything, and I'm not suggesting it isn't possible to find outside advice which has been obtained to get the most sophisticated investment advice that's obtainable in the world. We've retained advisors from both London and Montreal to advise on that sophisticated investment advice.

We have of course the capital projects division, which is a spending item, and capital assets, an investment item. It may be useful to get additional input and ideas from there, in addition to from the MLAs, and from the constituents who write to their MLAs. But I'm still not clear what these public hearings are supposed to do. This government and this party ran on a mandate which included the preservation and strengthening of the concept of the Heritage Savings Trust Fund. That's the mandate we have, to maintain it the way it is. Are we now talking about suggestions of how to spend it? In other words, move away from the basic concept of a savings fund for future generations?

If we're talking about investment advice, I'm not quite sure how one can expect the public generally to give us that top-notch advice, when we have to go to the most expensive and most competent experts in the world to get that advice. I'm just not quite clear on that. Perhaps the Member for Spirit River-Fairview would like to just give a little more detail on what the purposes of such a public hearing would be. Or is it just a feeling around kind of session?

MR NOTLEY: I assure you that I'm not going to grope for an answer on this one, if I could borrow from Mr. Pahl for a moment.

No, Mr. Chairman, the question is very simply put. This trust fund belongs to all the people of Alberta. It's not the members of the Legislature's fund. It's the people of Alberta's fund. The question as to what kind of information we're going to get back from hearings -- if you're talking, Mr. Knaak, about the advisability of investing in the bond market versus 30-day notes versus certain types of equity investments, I doubt that we would get a lot of information back from the public, although, who is to say? There are all sorts of brokerage firms that may very well make representation to public hearings. God knows they did when we had the hearings on foreign investments, '72-73. We had all sorts of them out; some very interesting information there. But let's assume that we don't get that. What you will find is a good deal of input on ideas for diversification. There's no question about that.

As I look over the various submissions I received during my tour of the province, I think the one single area where there was probably the most constructive emphasis was in the area of potential specifics for diversification, which the investment committee may or may not choose to follow. But it's there. I'm not as pessimistic about the kind of input we get from the people of Alberta. I think it would have an educational function in the first place, both ways. In terms of the public having a better

understanding of the fund -- because the interested public would come out just to observe, I'm sure. But in addition to that, I think there would be an educational function. I feel I learned from the hearings I held. I'll ask Mr. Sindlinger to speak for himself in terms of the hearings he held. I found the hearings I held very educational and useful.

I just don't think any of us are so expert in our field or so knowledgeable about the province that we could not benefit from the advice of Albertans coming out to public hearings, just as other legislative committees. All the arguments we hear about why it isn't possible for the Heritage Savings Trust Fund could be just as succinctly put on all the other committees that hold public hearings. Yet these other committees, quite properly so in my mind, have chosen to go the route of public hearings. I think the reports have been strengthened as a consequence.

MR KNAAK: Just on the question I asked, is the intent to ask for advice on how to spend the fund, or how to invest the fund?

MR NOTLEY: I'm glad you ask the question again, Peter. I think it's important that I underline that of the 148 recommendations that are contained in that green book, the vast majority of them deal specifically with areas for investment as opposed to expenditure. Only a small number, less than 10 per cent, deal with expenditures. Frankly, I think you would find from the people of Alberta a surprising result in terms of good, honest suggestions as to how the fund can be invested. We're not going to be talking about just a massive spending spree of \$8.5 billion. That's not what I found with the recommendations I received. I have to tell you that bluntly. As you have an opportunity to peruse the information I've made available to the committee, I think you can see that for yourselves when you read the report.

MR ISLEY: The first point I'd like to make, Mr. Chairman, is that I don't think the hon. Member for Spirit River-Fairview is making a valid comparison when he compares this committee to other select committees. This committee, as I understand it, is a select standing committee of the Legislature which goes on from year to year, holds its meetings in the public arena of the Chamber, and is exposed in its deliberations to the public. Most select committees are created to deal with short-term issues and come back to this Legislature with recommendations so they have to immediately create a mechanism for public input.

I think what we've done in No. 8 today should have created another mechanism for public input. Every Albertan out there who has an interest in this fund also has a member in this House who can very well speak for the feelings of that constituency. I can't see any need at this point in time in going across the province with a series of public hearings. I submit basically what you're going to get is ideas on how to spend the money, and when I look at the document in front of us, those ideas are already filtering in.

MR SINDLINGER: Mr. Chairman, I'd just like to underline and emphasize the comments made by Mr. Notley. I think the meetings I held were extremely beneficial, not only from my point of view but from the participants as well. I think that holding the meetings is a two-way dialogue. It's not only the committee going there and getting information from the public, but the committee provides information to the public in return. One of the most popular items I had as I went about talking about the heritage fund was the annual report. First of all, people were surprised that there was such a

thing. I know perhaps the more informed people in the province are aware of it and go over it number by number. But the report isn't available for the majority of the people, such as those as Mrs. Fyfe and Mr. Musgreave referred to earlier today. If it is, it's a little bit beyond their comprehension. But the fact remains that by holding these meetings, a dialogue is opened up where we in the committee can provide more of this information to the public. People would come to me and say we should do this or that with the fund. I would open up the annual report and say, look, this has already been done. Look at the numbers of dollars that have already been spent on it. They say, I didn't know that. They were more satisfied to know something like that.

I think it's also consistent with the government's policy of open government. I see advertisements in newspapers continuously saying the minister of so and so will be in Calgary on this day; we are an open government, and we want to hear from you; we want you to come and tell us what to do about these sort of things. So such a suggestion as holding annual meetings is very consistent with the government's policy of open government.

I'm not too sure that I can agree with Mr. Pahl's remarks in regard to not having these meetings. He says the meetings here are in public. It's true that anybody can walk in here, but it's only a one-way street because the public can't come in here. We've demonstrated that this morning where Mr. Notley tried to have some public input into this committee when he put their recommendations on the table. Those things could not be brought into the committee. If the committee were to go out to the people, then the people would have the opportunity to dialogue with this committee.

In regard to his comment that having public meetings is absent in the mandate of this committee, I'll go back to your opening comments, and also to Mr. Blain's comments this morning. Your opening comment when we first sat this year in August, was that of course this committee could do anything of its own volition. I agree with that.

MR CHAIRMAN: Excuse me, I think I said "certain things".

MR SINDLINGER: Mr. Blain made the comment this morning that, notwithstanding the advice he had given, this committee was bound only by what it decided to do. Saying that it's absent in the mandate of this committee I don't think is valid because it has been said and shown from time to time that we can act on our volition. I think Mr. Musgreave's right on when he says that this committee should decide whether or not we have these hearings and not the Legislature. It's our responsibility. It's incumbent on us to take that responsibility and make the decision.

In regard to Mr. Knaak asking what the purpose of these meetings is: is it to get advice on whether we're supposed to convert from spending to savings? Perhaps we should go and find out. Maybe everybody is saying that all the fund should be spent. Maybe everybody is saying that all the fund should be invested. But unless we go and find out, we won't know. I don't want to underestimate the ability of Albertans to give advice to this committee because I think all Albertans are capable of giving advice to this committee. It doesn't matter whether they have the expertise or technical competence to do so.

The best illustration I can give of that is an American politician, McGovern, when he was running for the U.S. primaries. For one month, he went around the country saying that what he would do if he were elected is give \$2,000 to every man, woman, and child to stimulate the economy. He said that for a month before one little old lady in the front row said, well if I

multiply the \$2,000 by the 220 million people in this country there's not enough money in the gross national product to pay for that alone, never mind everything else. Mr. McGovern dropped that right away. You never heard him say that again. I believe that Albertans have the ability and the competence to advise this committee. I think the opportunity should be given to them to do so.

MR R SPEAKER: Mr. Chairman, I can only endorse those remarks. With regard to purpose, on page 3 of the Provincial Treasurer's report, I think the purpose is outlined when the Provincial Treasurer says:

Albertans want to know more about the role and activities of the Heritage Fund and the ways in which it is at work.

That's one of the purposes; that, along with suggestions that they could give. I think this would be a good purpose. As members of the Legislature, I think we well recognize that if 0.25 per cent of Albertans even know we're here today, we'd be very fortunate. I think that would be a high estimate. I don't think we have to cover the whole province, but we have a mandate for at least three years. We could divide the province up and each year cover a different area of the province or use some other arrangement. But the intent of the public hearings would be good; one, to check the function of the fund, two, to look at new ideas.

MRS FYFE: Mr. Chairman, I was wondering if the example of Mr. McGovern in the United States who stopped making his statements after he was corrected by one of the ladies in the audience, if the example of the hearings might be to stop politicians from making silly comments.

What would be the purpose of these hearings? First, the input. Obviously, we all rely on input and that's on an ongoing basis. We rely on input from our constituencies wherever they may be in the province. Input from business people within the community, from interested groups is on a continuing basis, speaking to their MLAs and giving us this kind of input.

I do have some sympathy for the communication aspect of the fund and having spoken earlier to the resolution relating to written communication, I guess communication has to be a two-way street, and it perhaps is part of the mandate of this committee to be able to communicate the objectives, the terms of reference, and the nature of the fund to Albertans the same as to receive communication. But I think there may be some justification to have some type of public forum that may enhance the communication of the fund. I would not see this communication on an annual basis. I think after a number of years, it would probably become about as exciting as running last year's soap operas. I also do not think it should become a winter make-work program for the Heritage Savings Trust Fund committee, so that we have something to look forward to in the winter months.

If we're serious about communication, then I think it may be worth while referring this question to the Legislature, as I'm not sure we do have the mandate. We've spoken about this previously and in other years. I'm not sure we do have the mandate to acquire that type of hearing. It depends on the objective of the hearings of this form. I suggest from a personal point of view that it may be worth while considering looking at some type of public forum perhaps on a four-year basis.

I agree with the Member for Bonnyville and I voiced this same argument last year when we discussed this issue: you cannot compare this committee to the

select committee on workers' compensation, surface rights, or whatever committee appointed for a specific objective of reviewing the legislation or the regulations. We have an ongoing responsibility in this committee. I would see over a four-year period, or after an election, that members of the committee may wish to go out and receive input from people throughout the province related to the nature of the fund, and the direction the fund is going.

I would endorse the suggestion from the Member for Edmonton Mill Woods who has suggested we ask the Legislature for clarification on the role of this committee as to whether it would be appropriate to carry out such type of public forum.

MR NOTLEY: Mr. Chairman, I have to excuse myself now, but I'm wondering if we could perhaps hold the thing over for two reasons. First of all, you might have an opportunity to contact Mr. Blain to see if there is any impediment in terms of the jurisdiction of the committee. I don't think there is, but I certainly think we should check that out. The comments Mrs. Fyfe made perhaps may be the basis of a slightly different approach. I think rather than dealing with it right now, perhaps we could beneficially defer it until tomorrow. In the meantime you would be able to get the information and the terms of reference of the committee.

MR CHAIRMAN: What is the wish of the committee on that suggestion from the Member for Spirit River-Fairview? I see some nodding heads and some shaking heads. I presume the majority agree with the suggestion that we table the particular recommendation until tomorrow, and get some advice from Mr. Blain on the jurisdiction of the committee in this particular respect. This is a new wrinkle.

MR KNAAK: Mr. Chairman, on the jurisdiction, I don't know to how many the jurisdiction is relevant. If it's a relevant issue in the committee coming to a decision, then I think we should find out. But from what I've heard here, no one seems to be too concerned with whether or not we have the jurisdiction. I thought it was more a matter of substance. Maybe we can canvass the committee. My comments, if I had any, which were sort of inherent in my question I suppose, were on a basis of substance and not on a basis of jurisdiction. I guess I just want to make that clear. Even if we had the jurisdiction, I don't think this is the time to try it yet. I think we need more experience.

MR MUSGREAVE: Mr. Chairman, I don't think there's any question of our ability to hold these hearings. I think this committee is structured so that you go and do your job as you see fit. Now we held, you could call them public hearings, in Calgary when we visited the city of Airdrie. We went down there; we met with the council. We had input from the public. We wanted to know what they thought of our housing program in the town of Airdrie. I think there's no question that we have the ability to do this, it is our function as this standing committee of the Legislature.

The reason I would oppose this motion is I don't think we should be passing it on to the Legislature. I think we should debate as a separate item whether or not we hold public hearings. I don't think it should be a recommendation to the Legislature. We're in effect running back to them saying, tell us how to do our job.

MR ZAOZIRNY: Mr. Chairman, my reasons for supporting the proposal to defer this until tomorrow were, first of all, I think it's sensible to satisfy ourselves about the matter of jurisdiction, if there is any question at all about that. I doubt there is. I'm reasonably satisfied that's the case. My primary reason for supporting the deferral was that in my own view, I think this question of public input is a very proper one for the committee to be considering. As an elected person in this province, it's been my experience that the Heritage Savings Trust Fund is certainly a matter of real interest to many Albertans. I'm not sure yet in my own mind whether annual public hearings is the best mode of satisfying ourselves that we're getting public input.

I would be pleased to see the committee take the time to give consideration to ways in which we can obtain and receive input from Albertans on a very important aspect of the administration conducted by this provincial government. That was my motivation. On that basis I would support a deferral of the item until tomorrow.

MR CHAIRMAN: Part of the interjection I made in the previous remarks by the Member for Calgary Buffalo -- I think in the initial remarks in the beginning for our first meeting, I said that this committee can do certain things of its own volition, not anything. There are limits. My understanding is that one of those things it can do of its own volition is decide to hold public hearings. We had the debate at the beginning, if those members who were present remember, and the decision was made that for this year we would not hold public hearings. My interpretation of that decision was that that applied to this current year's function of the committee and was not binding upon any future annual meetings of the committee.

I think that in view of the fact that some members have some doubts as to whether that is in actual fact true, I'm prepared to check with Mr. Blain and have the committee reconvene at 9:30 tomorrow morning.

The meeting adjourned at 3:55 p.m.