

**Standing Committee on The Alberta Heritage Savings Trust Fund Act**

**Tuesday, October 6, 1981**

*Chairman: Dr. Reid*

9:30 a.m.

MR CHAIRMAN: The committee will come to order, ladies and gentlemen. Before we get into discussion of proposed resolutions, there are a couple of matters. Mr. Knaak has informed me that Mr. Rogers is out of the city and that he will be having discussions with Mr. Knaak on Thursday. We can then go back to that subject at our meetings next Tuesday.

The other matter was that of the public hearings. I've had some clarification from Mr. Blain. By resolution, the broad parameters of the committee do allow the committee, any year, to decide to have public hearings in a given year. That really means a resolution similar to the one presented by Mr. Notley, I believe, at our organization meeting at the beginning of this year's meetings. That resolution would apply for that year only, and that mechanism can be used in any given year to move that public hearings be held. It's then up to the committee to decide, within its powers, whether or not it will hold public hearings in any given year. But the committee does have within its parameters that power that it can make that decision. There is no doubt that it does have the right, by resolution, to hold public hearings in any given year.

I think yesterday, at the time we adjourned, we were on the matter of public hearings. Having said what I just said, perhaps we can now return to that subject of proposed resolution No. 9 by the Member for Spirit River-Fairview. Does anybody else have anything they wish to say on the subject of resolution No. 9?

MR KNAAK: Mr. Chairman, I think that if that's the advice, which I'm glad we have and at least shows that we were on the right track in the spring when we debated this proposition . . . But in terms of this resolution, it is a recommendation to somebody that this committee have public hearings. You've just advised the committee that under our own authority, we can pass a resolution to have public hearings, so we don't have to recommend to anyone that we can have public hearings. In fact, I would submit that if we made this recommendation, it undermines and really contradicts the advice you've just given us. At the beginning of the year, we had a resolution proposed. It was defeated at that time, with the proviso that each year we consider this again. In that light, I think this particular resolution, in its form as a recommendation to somebody, would really contradict the fact that we as a select standing committee already have the authority to make that decision independently.

MR NOTLEY: I think basically the question we have to deal with now that the issue is clear that the committee can have public hearings at any time -- and just to correct Mr. Knaak, it wasn't last spring but on August 15, as I recall, that the matter came up. As I see it, the problem is very simple. The problem is that the normal time we begin meeting as a committee is too late in order to do the sort of ongoing work that occurs every fall: meeting

with the ministers, perhaps now meeting with the Auditor General, plus holding public hearings. So if we leave the matter in the air, so to speak, what will occur next fall is what occurred this fall. In other words, the time constraints will be such that it just simply will be very difficult to have public hearings by the entire committee.

I'm prepared to withdraw the motion, because I think there is some argument in what Mr. Knaak has said: if we have the power to do it, then it's our responsibility as a committee; we don't need to recommend to the Legislature that we hold them. 'But, Mr. Chairman, I want to serve notice that I think it's important and incumbent upon you as chairman of the committee or whoever is chairman of the committee that is struck by the next session of the Legislature, because there could conceivably be a new committee, that the first meeting should in fact be held during the spring session -- the organizational meeting of the heritage trust fund committee -- so that in fact we can look at these things in a way that we aren't cramped for time. I think that despite the fact that it is traditional to call the organizational meeting in August, that is too late. It's just not possible to do our workload in that manner.

So I'll withdraw the motion, but I want to make it clear that should I be on the committee again next year, I would be taking the view -- I hope supported by the majority of the members of this outgoing committee -- that the organizational meeting be held soon enough so we can get the ball rolling. It's ridiculous that we talk about our organizational meeting -- and I'm not saying this in criticism of you because that's the way we've done it. If we're going to discharge our responsibilities fully, then I think that organizational meeting should occur in the last stages of the spring session, after the committee has been formally struck by the Legislature. Then we have an opportunity to evaluate whether or not public hearings should be held or whether there are options we as a committee might consider, but not in the cramped time frame. In looking back on the arguments that took place in August, one of the most compelling arguments was the time frame. It seems to me that we'd overcome that by having an early organization meeting.

MR CHAIRMAN: Thank you, Mr. Notley. I think it's true that the organizational meeting held in August is a problem because many members miss it because of vacations, as we know from this year's one. The suggestion that it should be held in the latter part of the spring sitting, when all members are here in any event, is an excellent one. Certainly next spring, if I'm the chairman, I'll try to do it that way, for my own comfort as well as everybody else's.

Perhaps we can then go to Recommendation No. 10, again by the Member for Spirit River-Fairview.

MR NOTLEY: Mr. Chairman, Recommendation No. 10 is:

That any commercial beneficiary of capital from the AHSTF must provide evidence of majority Canadian ownership and control. Such a requirement more closely meets the present optimum savings object of the AHSTF by maximizing the secondary benefits of the Fund.

Without getting into a long argument over the virtues of Canadian ownership, it's certainly my submission that if we are going to maximize the impact of the fund and ensure that there's the greatest possible use of Canadian materials and that we enlarge research and development to the greatest possible degree, we must deal with companies that are at least in the majority

sense Canadian-owned and -controlled. We're talking about the use of money which belongs to the people of Alberta. It's my frank opinion that any companies which, on commercial terms or what have you, are beneficiaries of capital from the heritage trust fund must in fact be owned or controlled by Canadians. It's just that simple, because we're talking about a Canadian fund.

I find that it's one thing to argue that companies that are foreign-controlled should expand by using money from foreign sources, but it's quite another that they should be allowed to expand by using capital which is raised in Canada and which is exclusively Canadian money. Frankly, under those circumstances, despite the fact that there may be the occasional exception where diversification might in the short term appear to move forward by using foreign capital, I would just remind members of this committee that in the 1990s we don't want to see the same situation that afflicts Ontario in the 1980s where, to a large extent, the diversification of that province took place through branch plant companies which are now closing down one after another when their parents in the United States decide it's more efficient to operate there as opposed to Canada. I don't think we want a branch plant future for Alberta.

We are in a position now, when we're talking about who should benefit -- not from foreign capital; this is not a resolution saying foreign capital can't come in -- but who should benefit from capital which is owned by the people of Alberta. It's my view that because of what we see in Ontario today, which is surely a lesson about the dangers of overdependence on short-term thinking -- jobs today but not long-term planning for tomorrow -- we want to get away from that branch-plant mentality. We're in a position to ask ourselves how we do that, using Alberta funds, funds that belong to the people of Alberta. My suggestion is that the way we do that is to bite the bullet and say that funds that belong to the people of Alberta must only be invested in those companies which are owned and controlled by Canadians.

MR MUSGREAVE: Mr. Chairman, I can't support this at all. It's a typical socialist gambit. I just read this morning where the province of Ontario is giving around \$10 million, I think, as a start-up fund to Volkswagen of Germany to come and establish a plant in Barrie, Ontario, that's going to create 500 jobs. There's a direct investment by the Ontario government. While the hon. Member for Spirit River-Fairview may be concerned that Ontario is suffering from a branch-plant mentality, the government has just been returned by a large majority who obviously don't share his views.

The other concern I have is that in effect what he is saying is that if the provincial government hadn't put the money into Syncrude, in all likelihood the project would not have got off the ground. Right now Canadians can go down to the United States and invest money, borrow money from American banks to buy out American businesses. The flow of money is essential to the good of the western democracies. I think the quicker the socialists appreciate this fact, we won't be riding down the road to disaster such as is occurring in France. You see them going to the international markets to try to bail them out. If we want to go that route, adopt these kinds of resolutions.

MR ISLEY: Mr. Chairman, I think my city cousin has said it very well. If I am understanding the intent of the hon. Member for Spirit River-Fairview, it would eliminate our taking an equity position in the Esso megaproject, if it proceeds, and the Alsands project, both of which were actions that I understood he supported. I would further suggest it would make his

Recommendation C-2, under the Alberta investment division, in direct conflict with what he's saying here. I suggest we defeat it and move on.

MR SINDLINGER: What recommendation are we on here?

MR CHAIRMAN: We're on A-10, any commercial beneficiary of . . .

MR SINDLINGER: I'm sorry for my confusion, Mr. Chairman, that's the recommendation I thought we were on. But listening to the comments of the last two speakers, I got to wondering. I've reread this many times, and it seems like it's almost a motherhood statement. I don't understand the comments the other two gentlemen made about it. I could support this without any problem. I can see giving priority to companies that have majority Canadian ownership and control; that doesn't bother me at all.

The other part is a point we don't often pay much attention to: the secondary or indirect benefits of investments. I think too much emphasis is at times placed on a financial or accounting rate of return when we measure the success or failure of the investments we make. Certainly in the private market place that's the bench mark we have to look at, the accounting or financial rate of return. But I would suggest that the government is not in the private market place to make a profit or rate of return solely by itself. As well as the financial or accounting rate of return, the government also has to take into account the social rate of return. Certainly those secondary benefits contribute to that social rate of return. From what I see in reading it, this is just a matter of principle. I can support that without any trouble at all.

MR MUSGREAVE: Well, we know who our socialist friends are.

MR D ANDERSON: Mr. Chairman, at first glance I was most inclined to support this resolution. I do happen to have sympathies which would lead me to the kind of policy indicated here for aspects of the Heritage Savings Trust Fund. I believe that we should indeed be encouraging Canadian ownership and that the heritage fund should primarily be spent as it has been, if we look at the expenditures to date, with companies that are Canadian. I guess my greatest problem with the resolution is more technical. It doesn't deal with specific sections of the fund and therefore has the possible effect of stopping our investment in such things as the Cold Lake and Alsands project, as the Member for Bonnyville indicated.

I think, too, that we would have a great deal of difficulty reconciling this with the goals now established for the commercial investment division. I have some of the same feelings the Member for Calgary Buffalo does with respect to the goal of the fund not just being a return on investment but also that it has to look at the long-term benefit to Albertans in a more indirect way as well.

I just find that the way this resolution is structured at the present time is far too all-encompassing for me to be able to support it today.

MR KNAAK: Mr. Chairman, I certainly support the view that we should encourage more Canadian ownership of Canadian industries. On the other hand, I want to make this point. Foreign companies have taken a bit of a beating in the public press and so on, I suppose by those who are more socialistically inclined than myself. But I'd like to think back and think of how we arrived at this tremendous resource revenue we now have in the Heritage Savings Trust

Fund. Who created it? I don't know of one socialist who is running an oil and gas plant or company. Mr. Notley, I'd be happy if you'd start one up and find some oil for us. It's not an easy job. In fact, when the industry started in the 1940s, Canadians did not lend funds to other Canadian companies. Where did the money come from? The money came from foreign firms, exploring at great risk to themselves and finding oil and gas in Alberta.

Now that they've found the oil and gas, I think if you look at the statistics you find that the multinationals are the ones paying most of the corporate income tax in Alberta. They're also paying most of the royalties in Alberta. Having invited in these foreign companies which have created most of the wealth we now enjoy in terms of the exhaustible resources, we're now turning around and excluding them from the possibility of investment from the Heritage Savings Trust Fund. To me, that is just amazing. I just can't believe what I'm hearing here.

The second point is that we've talked over and over again, especially Mr. Sindlinger -- and I think Mr. Notley has supported Mr. Sindlinger, so it wasn't Mr. Sindlinger supporting Mr. Notley -- about increasing the return to the fund. How does one increase the return to the fund when you limit the opportunities for investment? It just so happens that the majority of Canadian businesses in Canada are still owned and controlled by foreigners. If one excludes investment from the fund in all those companies, you minimize the opportunities. It's contradictory to suggest that you want to maximize the return in stable, secure investments and to prohibit investments in foreign-controlled companies.

To repeat: I too favor increased Canadian control and ownership of Canadian firms and industries, but not by way of this resolution.

MR ISLEY: Mr. Chairman, my initial comments were based upon what I'm reading in the paper here. I was motivated to get back in by some comments of the members for Calgary Buffalo and Calgary Currie, who seemed to be somehow reading that this is suggesting that we encourage Canadian ownership and control -- that point doesn't bother me -- or that we give preference to companies that have Canadian ownership and control. But that is not what Recommendation 10 is saying. Recommendation 10 is saying that we do not participate with companies that do not have Canadian ownership and control. I think that's the perspective we must debate it in.

MR D ANDERSON: Mr. Chairman, just because I was mentioned by the last speaker, I feel it necessary to clarify the position. Indeed, my interpretation is the same as that member's: we need to encourage Canadian investment and ownership, but the all-encompassing nature of the resolution, rather than aiming it at perhaps a particular part of the fund, doesn't do that and would put us in a position where it would be difficult to proceed with projects such as the ones in the hon. member's constituency. That's just for clarification.

MR NOTLEY: If there are no other members, I'll close the debate.

MR CHAIRMAN: I didn't see anybody else. Oh, the Member for Edmonton Mill Woods.

MR PAHL: Mr. Chairman, first of all I would like to correct my colleague the hon. Member for Edmonton Whitemud. The majority of businesses in Alberta, something like 97 per cent of all businesses in Alberta are defined as small businesses, with sales of less than \$2 million annually. I think there are

about 100,000 businesses established in Alberta. So although the majority of our corporate tax is paid by multinationals, the majority of our businesses are not large and not foreign-controlled. In defence of the efforts of our Minister of Tourism and Small Business, I wanted to let that fact be known.

Speaking to the motion, I think it's worth pointing out to the mover that all our investments, either purchased as equity or debt instruments -- and there have been very few debt instruments provided by the Heritage Savings Trust Fund -- have been at market or commercial rates. So at this point in time, at least -- with two exceptions, which I'll come to later -- it is a market place transaction. That would suggest to me that he is aiming at parts of the Heritage Savings Trust Fund that are not at market rates.

The only two I can think of immediately are the Alberta Opportunity Company and the Alberta Agricultural Development Corporation. Certainly they're beneficiaries of capital at less than market rates. I think that fits well into the idea of optimum savings in terms of a multiplier effect. So I would not be able to support the motion, simply because it doesn't make distinctions between the divisions of the Heritage Savings Trust Fund and the reality. I think the intent behind it is well founded, in terms of AOC and ADC, and I think we would and do insist on Canadian and Alberta presence in those two divisions.

MR NOTLEY: Mr. Chairman, it's been an interesting debate. I would say that I confess a little bit of surprise at the response from Mr. Knaak in particular. Certainly there's no question that foreign investment played a significant role. No one is denying that. But that is not the kind of thing which should have us down on our knees, thanking. Foreign investors came in to invest money in hopes of making a profit and indeed have and are doing that.

The question, Mr. Chairman, has nothing at all to do with where the money came from to develop the industry. The question, surely, is: what will Albertans do with what is their share of the return? The royalty is something which we own. It has nothing to do with the foreign investors, whether PetroCan or Imperial Oil. Our share is the royalty, and that is something which we as Albertans must look at. It belongs to the people of Alberta.

Mr. Chairman, the question then is: how do we invest that 30 per cent of the non-renewable resource income, the royalties which belong to Albertans? How do we invest that 30 per cent? It would seem, to many of us -- not just to me but to many of us -- that if we're making investments of that 30 per cent, those investments should be in companies which are owned in Canada, for a vast number of reasons, the most important of which is that the maximum benefits to the country and to the province are in companies that do their research and development in Canada, that are committed to this country, that are owned and operated by Canadians, and that aren't caught in the situation of consulting fees and the transfer of funds and all the other things that we deal with with international companies. Because we pass a resolution like this, that doesn't say that we're stopping international capital from coming in. That's a different argument. We can argue that question in another milieu and in another forum. We're talking about whether or not the money that belongs to the people of Alberta -- our share of the royalties, free and clear of any responsibility, our share -- should be invested primarily in Canadian operations.

Now, several specific questions have been raised. Mr. Isley raised the question of the Syncrude debenture. Frankly, if we can sort of look back to 1975, I think some of you know that my views on how we should have set up Syncrude are somewhat different from the final arrangement. Fair enough.

What we now have to look at is whether we would get a better return by exercising the debenture and converting it to equity. In my judgment, it becomes a simple matter where we can maximize, not what I would like to see done in the future. Let me tell you, I would not like to see another rerun of the Syncrude project in the future. That's getting into another debate that no doubt we'll come to in a few minutes' time.

The basic question here is a matter of principle. I would argue that it's one thing to permit and perhaps even encourage foreign investors to come in and make a profit, but surely it is quite another that foreign-based companies should be using our money, which belongs to the people of Alberta, to expand their operations. Surely the priority should be based totally on Canadian ownership and control.

MR CHAIRMAN: I think the Member for Little Bow wanted to say something.

MR R SPEAKER: Mr. Chairman, I just wanted to raise a question on the remarks of my hon. colleague. The word "primarily" was used. Is that synonymous with "exclusive"?

MR NOTLEY: Personally, I think that when we're talking about the heritage trust fund, I have some real doubts about money that belongs to the people of Alberta going to foreign-controlled companies. But I certainly would be willing to support an amendment:

That any commercial beneficiary capital from the AHSTF should provide evidence of majority . . . ownership and control and that priority be given to investment in Canadian-owned and -controlled companies.

I would be prepared to see that kind of amendment, because I think it is important that the principle be stated. If other members are acutely uncomfortable with the stricture in this resolution, I'm prepared to see an amendment that would get at the most important aspect of it. The amendment would be: any commercial beneficiary from the Heritage Savings Trust Fund, instead of "must", "should" provide evidence of majority Canadian ownership and control and that priority be given to investments in companies that are Canadian-owned and -controlled.

MR PAHL: Mr. Chairman, I just simply can't support the recommendation because it would throw out the window the whole viable operation of Section 9, operations of the Heritage Savings Trust Fund with respect to deposits and marketable securities. Any investment whatsoever would have to meet that test. I don't think that's a responsible management of a considerable amount of cash on a recurring basis. Similarly, the commercial investment division was a 1980 amendment of The Alberta Heritage Savings Trust Fund Act that was supported by this Legislature and that was directed, for that portion of the fund, at a profit and a commercial return. Here I see the hon. members who normally sit opposite are wanting to . . . On one hand I hear them criticizing the rate of return on the fund, and on the other hand I hear them saying: let's tie one hand behind their back and continue to see that low rate of return.

Mr. Chairman, I think the Heritage Savings Trust Fund has to reflect a balance. Those balances can include an objective to make sure that investment in Canadian corporations occurs, as it does in the capital projects division

and the Canada investment division, the Alberta investment division, and the energy investment division. But I don't think we should irresponsibly handicap the managers of the fund, who are trying to strike that difficult balance. So for those reasons, I would not accept the motion as amended.

MR CHAIRMAN: Member for Spirit River-Fairview: any further remarks, or do we put the question?

MR NOTLEY: Mr. Chairman, I don't think there's a great deal of point in prolonging the debate. I think what we're saying now is that the priorities should be given. Other members support it, or they don't. It's just that simple, as far as I'm concerned.

MR CHAIRMAN: All right, we'll put the question. Those in favor of the proposed resolution, as amended by the Member for Spirit River-Fairview? Those against? The proposed recommendation is defeated.

Recommendation No. 11, the Member for Calgary Buffalo.

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

Consideration should be given to spending more of the Fund rather than investing [and the spending should be] to ameliorate inadequacies in the social [infra]structure of the Province, and thereby provide more immediate benefits to the citizens of Alberta.

You noticed that on the typed copy you have, the word social "infrastructure" is not there; there's another word there. That's a typing error.

I personally do not feel that . . .

MR PAHL: Mr. Chairman, I think there was another amendment, at least to what I have written.

MR SINDLINGER: Mr. Pahl is right. There was an amendment. The way it's written, there's a dangling participle. The way it reads now, it says that the investing would ameliorate inadequacies in the social infrastructure. It's the spending that would ameliorate the inadequacies in the social infrastructure, and not the investing.

MR CHAIRMAN: That's my fault. There wasn't time to go over this before it was copied and issued. There should be a comma after the word "investing", and it should be the social "infrastructure" of the province.

MR SINDLINGER: I think with the comma after the word "investing", it's all right. [interjection] I would ask you to delete the word "interest" and replace it with the word "infra".

Mr. Chairman, if I could continue now . . .

AN HON MEMBER: Could we just have that read again?

MR SINDLINGER: Yes.

Consideration should be given to spending more of the Fund rather than investing, to ameliorate inadequacies in the social



infrastructure of the Province, and thereby provide more immediate benefits to the citizens of Alberta.

Mr. Chairman, this point was debated quite thoroughly yesterday, and I don't expect we'll spend much time on it today. I personally do not feel this should be the case, but many of my constituents have asked me that consideration be given to spending more of the money.

Mr. Knaak made a very good point yesterday, and that was that the fund is part of a total in this province. We have a revenue source from natural resources. Of that revenue source, fully 70 per cent is actually spent today. Only a small portion, 30 per cent, is saved in the heritage fund. However, I thought it would be worth while to put this recommendation on the table -- and that was prior to seeing the others -- so that the committee could debate it and hopefully, from my point of view, reaffirm that the basic purpose of the fund is saving rather than spending. That point was made clear yesterday, and perhaps we could reaffirm it by a vote today: the basic purpose of the fund is saving. That's notwithstanding the fact that of these 76 recommendations we have here, by my rough calculation almost half of them deal with spending as opposed to investing. So given facts of that type, I think it would be worth while for us to reaffirm that the basic purpose of the fund is to save rather than spend.

MR MUSGREAVE: Mr. Chairman, I want to ask the hon. member a question. Is the suggestion "to ameliorate the inadequacies in the social infrastructure" indicating that we should put more money into day care, after-school programs, senior citizens, rental grants: all these kinds of things? Or was it in the form of an immediate benefit, which to a citizen would be a cash allotment from the fund? Can he tell me what was in mind here?

MR SINDLINGER: Mr. Chairman, Mr. Musgreave made the interesting comment yesterday that perhaps he as an individual Albertan would be better off if he were given, say, \$5,000 rather than having the government look after it. I realize that's not in the exact context as presented yesterday. Nevertheless, I've heard a great many comments in a similar vein over the last year. People say, let's have a cash dividend, or let's be paid some of this money, or why don't we spend more money on education or build hospitals or senior citizen lodges, et cetera, et cetera. I've taken a great deal of effort to point out that a lot of these programs are ongoing right now, and many people are deriving the benefits from those programs.

Again, this is similar to the comments made by Mrs. Fyfe yesterday that we have a problem with communication in regard to the heritage fund. We must communicate it more broadly. There is a feeling that more of the fund should be spent. I'm sure the Conservative members feel that as well, otherwise they wouldn't have defended the investment aspect of it so devoutly yesterday. I think Mr. Knaak's point again that 70 per cent of our resource revenues is in fact already spent is a good one and ought to be communicated more broadly, as per the recommendation by Mrs. Fyfe yesterday.

MR D ANDERSON: Mr. Chairman, I will be voting against this motion, specifically for the reason outlined. It does indeed talk about spending now, which is appropriate from the general revenue, rather than investing. But I don't entirely agree with some of the comments made.

Just for the record, I'd like to make the statement that I believe we make investments in two ways. One is to have a return on investment, in a dollar

sense, which we will be able to use to assist future generations when oil and gas revenues decline. The second is to make investments in ways which are less tangible, to ensure the well-being of the citizens of Alberta sometime in the future. I think there's a point to be made for certain kinds of social investments, as we have done with the Alberta Foundation for Medical Research, which in the future will alleviate the difficulties this province may face in that particular area. As we go through some of the proposals, I think that's the context in which we have to look at a given issue, that in fact it's not spending now but is an investment for the future in one of those two ways. I just wanted to make that point in indicating that I'll be opposing this particular motion.

MR R SPEAKER: Mr. Chairman, I think that if the resolution as such is read without any interpretation, I don't think any of us agree with the idea of just spending it and not having any return. But we all want an investment that brings back a return investment today that is for today and in the future when we're talking about some of the social projects and, specifically, capital projects.

For example, as Albertans they say -- and this was related to the Premier the other day: the man on the street says, what about building roads? Build a road today and it's good for 50 years. That's this generation, the next one, and the next one. Build a hospital, and it's an investment for me, the next generation, and the next generation. Build a senior citizens' home. It's good for this generation and the next one. That's an investment in today and in the future. There isn't a rate of return in that kind of social investment, but it is a capital investment that isn't just money spent and lost.

When we talk in terms of spending the money -- and this is where I would disagree -- we take the heritage fund and use it for ongoing operational spending. As a government and as members of the Legislature, one of the things we must be able to balance is our operational spending, which is spending because you take the money and in that year you allocate it, and it is allocated towards labor, repairs, and expenses. It's a one-year shot, and it's spent. So that is my interpretation of spending. That type of allocation of funds from the heritage fund should not occur. But in terms of an investment in a capital structure, I think we should support that. That's my position. In terms of the resolution as is, I think we would be misinterpreted if we just left it generally "spending". I don't think we can pass it in its present form.

MR NOTLEY: Mr. Chairman, I'd like to suggest that what we might do is just change "spending" to "investing": "should be given to investing more of the Fund". The reason I would say that is, first of all, we're talking about infrastructure here. And I would ask members, when we look over the capital projects division -- and I agree with some of the points made by the Member for Calgary Currie. The Walter C. Mackenzie Health Sciences Centre: that's a capital project. What is that, other than an investment in medical infrastructure, is it not? If we can invest in medical infrastructure, there are social infrastructures that might also be considered. What is the applied cancer research? What is the applied heart disease research? What is the Southern Alberta Cancer Centre, other than an investment in medical infrastructure? And properly so. What about the Alberta Children's Provincial General hospital in Calgary, other than an investment? In a sense,

the children's hospital already comes reasonably close to a sort of combination of medical and social infrastructure.

So I don't think we should throw up our hands in absolute horror and say, if we pass this recommendation we'll be getting into a massive spending spree. The only thing wrong with its wording is the word "spending", the fifth word. If that were changed to "investing", then it seems to me that it may well be appropriate. That doesn't mean we have all kinds of projects identified. We're just talking about a principle here.

Mr. Chairman, I might suggest that one of the things I think this province needs to do is to reconstitute the human resources research council or some body similar to it, if we're going to be dealing at all with the magnitude of social problems that are going to be hitting us as a consequence of growth. We're going to have to look at this. We're going to have to look at investment in social infrastructure whether we like it or not, whether it comes from the 70 per cent or the 30 per cent.

I agree with Mr. Speaker that we shouldn't be talking about the operating costs of the Department of Recreation and Parks or the operating costs of general hospitals or the operating costs of the Department of Education from the heritage trust fund. But this doesn't say that. It talks about infrastructure. It seems to me that with that in mind I would ask committee members, if we're going to vote it down, to distinguish between social infrastructure and medical infrastructure. If medical infrastructure is okay and meets the criteria of the heritage trust fund, then why would social infrastructure not meet the criteria of the heritage trust fund?

MR MACK: Mr. Chairman, the previous speaker basically enunciated the areas I had intended to cover -- and I think he did it very adequately -- which clearly is an affirmation of the performance of the Heritage Savings Trust Fund in those particular areas where a substantive amount of the fund has been placed in the area for the benefit of Albertans, in terms of the medical research, the Walter C. Mackenzie, the children's hospital, and so on.

I frankly find it difficult to wonder why an amendment would be considered to change completely the initial intent of the resolution before us. As I understand it, the initial intent was to spend more on the social infrastructure in the province rather than change the wording to "saving" from "spending". If I were the proponent of the resolution, it basically changes the complete concept of what it was I was attempting to propose.

I think the fund today, with its current structure, is in fact responding. If there is a particular area we would like to isolate and recommend that the government or the Treasurer should look at, that's another matter. But I believe the fund today is in fact responding to the items that have been discussed. I think the hon. Member for Spirit River-Fairview has very, very clearly identified them, and the fund is very, very sensitive and responsive to those areas. I think the track record speaks for itself.

I certainly cannot support the amended portion of the resolution because it basically changes it entirely from the initial intent as I understand it.

MR SINDLINGER: Mr. Chairman, the intent of the proposal was to reaffirm the basic of the fund; that is, an investment or savings function as opposed to spending it. It was stated in a negative way, but it could be put in a positive way by making the amendment suggested by two of the previous speakers: changing the word "spending" to "investing", and deleting the words "rather than investing". In total, it would then read:

Consideration should be given to investing more of the Fund to ameliorate inadequacies in the social infrastructure of the Province and thereby provide more immediate benefits to the citizens of Alberta.

MR CHAIRMAN: The Chair is having a little trouble with the way these motions are becoming twisted and convoluted. In its amended form, this one is almost unrecognizable as being anything approaching what was originally suggested. This isn't an amendment, in my opinion. It's become a complete rewrite and almost a new recommendation.

MR SINDLINGER: Well, that just shows you how beneficial these discussions are, Mr. Chairman.

MR CHAIRMAN: I think the Member for Calgary Currie wanted to make some remarks.

MR D ANDERSON: Mr. Chairman, mine were only to change even more this convoluted motion. I don't know. Are you ruling that we are staying with the original motion, or are we in fact debating an amendment at this point? I'm a bit lost as to the procedure we're in the middle of.

MR CHAIRMAN: I haven't yet called a vote. We're still in a discussion of the process of amending the resolution, I think.

MR D ANDERSON: Discussion on the process of amending. Okay. Then I have a couple of comments. I would agree with the amendments made by Mr. Sindlinger but, in order to support it, would want to cut out the word "more": "and thereby provide immediate and long-term benefits to the citizens of Alberta".

MR CHAIRMAN: I think we'll have some remarks from the Member for St. Albert and the Member for Edmonton Whitemud, then I'm going to make some.

MRS FYFE: I'm not going to speak on the amendment moved but on the general concept put forward in his original motion. What I hear coming from a number of members is that we should be spending more on capital costs which have long-term implications for the fund as a whole. For example, if we look at hospital costs, the operating costs of a hospital will equal the capital costs in approximately two and a half years. So to say that a hospital is a long-term investment and that that is fine but it doesn't have any effect on the operating costs is of course fallacious. There are very significant long-term effects on our operating budget.

It's my own feeling that we should limit the capital cost projects to less than 20 per cent, and we'll be discussing that later on in the recommendations. As the fund grows, that 20 per cent certainly grows significantly. If we were to support this motion, then I think we no longer support that 30 per cent of our resource revenue goes into the Heritage Savings Trust Fund because there simply wouldn't be that much money left over to set aside. We would be spending more and more on operating costs because of the capital investments division. So this is such a very general, nebulous area. It's been stated a number of times -- and better than I do -- that 70 per cent of our resource revenue is now being spent. If we're planning to spend 100 per cent on this generation and nothing left for future generations, then that's what I see this motion doing.

MR KNAAK: Mr. Chairman, I guess one of the things one has to get used to in this committee is always to repeat oneself, simply because these come up over and over again. Although I really dislike having to make this same statement over and over again, I guess I'm forced to do it. [interjection] Yes, turn on the replay.

In its initial concept -- and even the amendments don't destroy the fact that this motion is contrary to the present Heritage Savings Trust Fund Act as passed by the Legislature and as it existed in the last election, in which Albertans returned a mandate to the party that established the fund. In concept, the mandate was to take a portion of the exhaustible revenues and to save those revenues for our children so that they too may enjoy a degree of affluence they would not otherwise have after the exhaustible resources disappear.

I thank Social Credit for that study. They did a study with a green cover. I can't remember the exact name of it, but in my view it was an outstanding document. They too pointed out that it's very important not to spend the very large sums of money generated from exhaustible resources, or you'd be afflicted with what they call the Dutch disease: rapid inflation, high continuing built-in running costs which cannot be financed when the resource revenues decline. Personally, if I had an inclination at all, it would be to increase rather than reduce the 30 per cent going into the Heritage Savings Trust Fund. Either way you slice the pie, this particular motion shifts that spending from 70:30 to a larger proportion of spending and less on investing or saving for the future. It's contrary to our mandate, it's contrary to the Act, and I can't support it. It's contrary to my own views.

MR D ANDERSON: Mr. Chairman, I'm having a great deal of difficulty, not knowing what we're in fact debating, whether it's the amendments or this particular motion. But I'd have to say that I would agree with Mr. Knaak, who spoke last, if indeed the amendments don't apply; also if it was implied that more than the 20 per cent allotted to the capital projects division be spent in investments -- and again I emphasize investments -- into social areas, rather than spending.

I think with the Heritage Savings Trust Fund we have, by philosophy, invested in such things as the Alberta Foundation for Medical Research or the cancer research facility in order to alleviate problems which will come to Albertans down the road, and probably costs as well, as a result of finding solutions to problems that will be there. I think that's a responsible kind of investment in the future from the fund and from that capital projects division.

So I do not at all agree with the way the motion originally read. I much more agree with what was suggested in terms of a number of amendments but, again, would have to have that applied to the capital projects division specifically before being able to support it. At this time, I think we could use some clarification on what we'll be voting on.

MR CHAIRMAN: That was exactly why I was going to make some remarks. The difficulty I have is that having had many proposed recommendations submitted and trying to rationalize them and put them into some sequence, this particular one was put into the general area because it applied to the fund across the board. We've now had suggested amendments which make it very similar to other recommendations. Most of what is suggested in the proposed amendments is covered by other recommendations made by several members which are further on in the list we have. If we continue with this process of

amending proposed recommendations to make them more acceptable, we'll never get finished, and we will never get to those recommendations which are on the list, mostly representing the proposed amendments. What I as chairman would like to do is hold a vote on this recommendation as it sits. The other matters of social infrastructure which are mentioned in other recommendations by other members can be discussed when we get to them, if that's acceptable to the committee.

MR SINDLINGER: Mr. Chairman, not regarding this particular motion, are you saying that you're not prepared to accept amendments to any of the motions from this point on?

MR CHAIRMAN: I have difficulty with accepting amendments that completely distort the original recommendation. We now have suggested amendments -- they haven't been formally put yet -- that really almost completely reverse the meaning of this recommendation as it was submitted to me last Friday. That's the difficulty I'm having, Mr. Sindlinger.

MR SINDLINGER: I have no problem with that, but you're still going to accept amendments that are in context.

MR CHAIRMAN: That's correct, yes. We have already accepted some.

MRS FYFE: I think that when amendments come up, we should be voting on the amendments so we're clear as to how that would change the motion, rather than just in a sort of general sense.

MR CHAIRMAN: Well, we had several amendments put in the course of one proposal. I find it difficult to accept amendments that in actual fact are reversing the original purpose of the resolution.

MRS FYFE: So there'll be one amendment on the floor that we can deal with at a time.

MR CHAIRMAN: That's right. I just do not see us ever getting the process finished if we go through amendments. The numbers we have had suggested to this particular resolution have actually converted it into almost the same as some other resolutions which are already on the list. Did the Member for Calgary McKnight have some comments, or have they already been made? Okay. So if it's agreeable with the committee, I would like to hold a vote on this recommendation as it is written, rather than go through the process of approving all the amendments that have been suggested, then voting on that significantly changed resolution. Is that agreeable?

SOME HON MEMBERS: Agreed.

MR CHAIRMAN: It's agreeable to the Member for Calgary Buffalo. Okay. Those in favor of proposed Recommendation No. 11? Those against? It was unanimous. The Member for Spirit River-Fairview has had to leave the Chamber for a short time, so we'll now go to proposed Recommendation No. 13, the Member for Calgary Buffalo.

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

A portion of the interest earned by the AHSTF should be used to supplement Seniors' pensions.

I was about to introduce this by saying this will hardly need any discussion at all, but that's what I said for the last one too. What I'm doing is relaying recommendations I've got over and over from various constituents saying that more money should be spent on seniors, the reason being that if this is the heritage fund, they played a major part in establishing that heritage. Things didn't happen by themselves; they helped them happen. So I'll put that out for the consideration of the committee, please.

MR MUSGREAVE: Well, I have a question, Mr. Chairman. I think we're being put in a rather strange position, where a person bringing in motions votes against them. I mean, you know. The member just said, here it is again. I sort of feel maybe he's going to vote against this. I find that rather strange, but if the other members of the committee don't think it's strange, I guess I'll have to live with it.

AN HON MEMBER: Question.

MR CHAIRMAN: Are there any more remarks before we come to the question on this one?

MR KNAAK: Well, I have the same problem with this whole idea. It seems to me an MLA has the duty to be responsible to his colleagues. I've always supported the idea of increasing seniors' pensions to a reasonable and fair rate, but the concept of the trust fund has nothing to do with seniors' pensions. If seniors' pensions need to go up and if we need to tax, we, this existing generation, who get the benefit of the wealth created by the seniors, should be taxed and pay for their pensions. I'm now being put in the awkward position of having to vote against this, leaving the impression that I don't support increased pensions for seniors. I do, but it's not a matter of the fund. It's only because it's totally irrelevant to the fund that I vote against it. I don't mind being taxed to pay for it, but it doesn't come out of the trust fund.

MR CHAIRMAN: Well, as Chairman, I had the submissions given to me so I have brought them in front of the committee in good faith. I thought that was how they were done. Everything that's been submitted to me is going to be brought to the committee in one form or another. I don't think it's the Chairman's prerogative to decide what is applicable to the function of the committee. If we can have the question on proposed Recommendation No. 13. Those in favor? Oh, sorry, the Member for Bonnyville.

MR ISLEY: I too am a little uncomfortable with what we're doing here. I'd like to make a few comments, then direct a question to the hon. Member for Calgary Buffalo. We already supplement senior citizens' pensions, although not from the Heritage Savings Trust Fund. We have a rebate program on tax sheltering for senior citizens and rental grants to senior citizens. We probably have the best senior citizen self-contained housing program in the country, if not in the world. We have the pioneer home repair program to encourage seniors to remain in their own homes as long as possible and upgrade those homes, plus we have other support programs such as meals-on-wheels, et cetera, et cetera, available to our senior citizens. My question is: does the

hon. Member for Calgary Buffalo feel that this government is not adequately treating its senior citizens?

MR SINDLINGER: Mr. Chairman, in response to Mr. Isley. I'm aware that the government does have various programs for senior citizens, but I'm also aware that many of the senior citizens in my constituency are in need of further aid. I'm aware of that from observation, and I'm aware of that because they come to me and say that they need more help. I can remember when the stairs were packed with senior citizens out here last year when they came up on the occasion of our 75th Anniversary. They collared me and said, why did you give us these gold medals and silver medals? They weren't being ungrateful about it, but were saying to me: we can't eat these gold medals; we can't clothe ourselves with these gold medals. They need more help, and I'm relaying that concern to this committee. How this committee handles that is up to their own consciences.

MR ISLEY: May I respond, Mr. Chairman? I do not get that message from my senior citizens in rural Alberta. I tend to get a message that there are some super programs out there, and I could expound even further on our senior citizens' drop-in program, our transportation programs. If there are unique problems with senior citizens in certain constituencies of this province, I would submit that the MLA from that constituency should be dealing with the ministers concerned, not trying to generalize it throughout the province.

MR CHAIRMAN: Are there any more remarks before we put the question on this particular proposed recommendation? Those in favor of proposed Recommendation No. 13? Those against? And one abstention. The proposed recommendation is defeated.

We'll now go to proposed Recommendation No. 14, the Member for Calgary Buffalo.

MR SINDLINGER: Mr. Chairman, Recommendation 14 reads as follows:

The Select Standing Committee should give consideration to commissioning a report that would identify and assess various programs that would enable the Alberta Government to establish an Alberta Heritage Trust Pension Plan that would have the AHSTF match each dollar contributed by an individual participant up to 5 per cent of that individual's annual income.

Mr. Chairman, it's a well-known fact that there's a problem with funding pension plans throughout North America. The provincial government recognized that fact when it transferred funds to the civil servants' pension plan. I think the same consideration should be given to the citizens of the province, and I therefore put forth this recommendation for consideration by the committee.

MRS FYFE: Just a point of order, Mr. Chairman, on the previous count. This came out last year in our trust fund committee. There are no abstentions, the same as there are not in the House. The *Standing Orders* and the rules of the committee follow: anyone not indicating by a show of hand are then deemed to be in support of the motion.



MR CHAIRMAN: I wasn't aware of that ruling. That went through last year? I didn't read that one, sorry.

MRS FYFE: No, this is the *Standing Orders* [inaudible].

MR CHAIRMAN: I'm aware of that one. I didn't know it applied in the committee. You see, I'm still learning.

MR R SPEAKER: Mr. Chairman, in terms of that, I felt there were enough who had fallen in line in terms of the Conservative government party, so I thought, why stick my hand up? I knew which way the vote was going, and so what? That was basically my reason. If the hon. member wants me to vote on principle, I established in my earlier comments that we want investments from the fund. The purpose in terms of seniors' pensions is an expenditure out of general revenue, so I would be voting against No. 13. So if that's the way the hon. member wants my vote recorded, in terms of words, there it is.

MRS FYFE: [Inaudible] I didn't write the *Standing Orders* and those are the rules that are set out and that we must follow.

MR R SPEAKER: I just hate to get involved in the mob, that's all. And I didn't want to raise my hand.

MR CHAIRMAN: After that little intermission, any further comments in relation to proposed Recommendation No. 14?

MR ISLEY: Mr. Chairman, I have some real problems with this one, and I wonder how far the hon. member thought it through before putting it on paper. I note he made the statement that most pension plans are running into trouble, as evidenced by our funding of our pension plan in this last year's budget. I think he would have to produce some documentation to convince me that private pension plans are running into trouble.

The basic difference between a private pension plan and the way we were running our public ones until we started funding our share was that under a private plan the employee will contribute an amount of money and the employer will contribute an amount of money. So then you have the two halves together for investment to fund that plan. Many public plans have been funded on the faith of the government or the public body involved, where they haven't been putting their money into an investment pool. As I understand it, that's what we started to do.

The other problem I see with this is that if we move in a direction of setting up a provincial plan, where we're going to take a dollar out of the heritage trust fund to match every dollar a private individual puts in, in essence we're saying that we don't want any private companies in the pension plan business. I can't see an employer continuing to contribute his 50 per cent on behalf of his employees if someone else's employees are getting their other 50 per cent from the provincial government. On that basis, I would urge that we vote against No. 14.

MR MACK: Mr. Chairman, I cannot support resolution 14 for these reasons. There is a national pension plan which we are making a very substantial contribution to today, all of us. There are also many, many private pension plans. Many people today are covered under a plan. They already contribute very heavily to that pension plan. This would have an effect of profoundly

affecting the equilibrium of those plans. I just can't support it on the face of its presentation.

I think that in order to be able to initiate this kind of program, there should be a need and a request for it, rather than the government initiating it and doing it in this way. It should be co-ordinated through the national program, for example, that mandates that all workers in Alberta participate in that plan rather than establishing a parallel plan or something different to it. I just can't support it. It's too complex. The government, for example, has put in in excess of \$1.3 billion to the some seven existing pension plans in the province now to place them on a funded basis over the next three years, and additional funds will be going to it. I just can't support this resolution.

MR SINDLINGER: In closing, Mr. Chairman, I'd just like to point out that the recommendation is not that such a program or plan be undertaken but that consideration be given to commissioning a report which would identify and assess the various aspects of such a program and plan. I have to agree with some of the comments the members have made that this is a very complex subject matter. I don't feel any of us -- well, I shouldn't say any of us, but I'm certain we don't have all the expertise and competence on this committee to progress a recommendation like this properly unless we get substantial facts and documentation, as one of the members said, to support the recommendation.

MR CHAIRMAN: The question on proposed Recommendation No. 14. Those in favor? Those against? The proposed recommendation is defeated.

Proposed Recommendation No. 15, the Member for Calgary Buffalo.

MR SINDLINGER: Mr. Chairman, Recommendation 15 reads as follows:

The Select Standing Committee give consideration to commissioning a report dealing with the need for a children's dental care plan, and the feasibility of the Heritage Fund sponsoring such a plan.

Mr. Chairman, such an investment would meet one of the fund's criteria as set out in the Act, that investments provide long-term social benefits. I believe this would do so. Again, I should point out that I'm not suggesting we forward a plan or proposal or program; I'm just saying we ought to commission a report which would give us more information on which we could base a reasonable decision.

MRS FYFE: Mr. Chairman, a significant amount of work has been done in this area related to a children's health plan, I don't believe in the context of the Heritage Savings Trust Fund, as this is primarily an operating cost. Last year there was an extension of the promotional program carried out through the health units across this province. There was an increase of positions to a total of 102 dental hygienists and 85 dental assistants. There is a basic treatment program in Edmonton-Calgary and in the Barons-Eureka health unit.

The greatest problem we have is outside the urban areas. In the rural areas, the problem has been the attraction of dentists to those areas. It hasn't been the actual cost of treatment but the fact that there were no dentists within the geographic region. In order to make rural areas more attractive, the Department of Social Services and Community Health has embarked on a program where they are providing mobile dental units. These have been made available to the communities, which can then attract dentists.

In fact, I believe they have purchased 10 of these units to date and eight are in place. They have been put into communities such as High Level, La Crete, McLennan, Milk River, and there is even one beginning operations in Spirit River on the 16th of this month, I believe. A 1978 study showed that 41 communities in Alberta, comprising approximately 78,000 people, did not have a dentist within a 25-mile radius. Fourteen of these 41 communities had a population of over 1,000 people.

As we can see from some of those basic figures, there has been a specific need to attract dentists and dental technicians to these areas. The health unit programs have provided a basic preventive and promotional program, but the treatment area has of course been one where the supply of dentists has not been available to those communities. I think we've moved in a very significant way in providing this very needed service, particularly in the rural areas.

Dentists in this province advise that approximately 60 per cent of our present population is covered by some form of private dental plan, some form of dental insurance plan. The biggest holdup now is the federal government. If they change their position on this, this would bring our population coverage up to approximately 70 per cent.

In dealing specifically with this motion, I guess the concern I would have is that if 60 per cent of the population is presently covered by a dental plan, the situation that happened in British Columbia . . . An actuarial review carried out after a detailed task force study in 1978 showed there would be a duplication in coverage to many people within the province. So it was not really a feasible plan to go into on just a general, broad coverage.

The objectives of the Heritage Savings Trust Fund provide a source of capital to offset expenditures when our revenue resources decline. If the fund is to be expended in an area such as a dental plan, what happens to the dental plan when that fund will be used to offset those resources and the fund is expended? What happens to a dental plan? I don't think this type of planning is good fiscal management. I think that any expansion in the current program we have in the promotional and preventive areas and in the treatment program we have in existence should be one that would be budgeted out of general revenue. I think we've made significant moves in providing treatment across the province. Not that the program is totally and fully accessible to all parts of the province, but certainly a very good move in that direction. I think any changes in this program should be carried out through the regular budgetary process that we debate in this Legislature. I would hope that this recommendation would be discussed at that time and not in the context of the Heritage Savings Trust Fund.

MR FJORDBOTTEN: Mr. Chairman, I have some concern about a resolution like this being before the heritage fund. It's certainly one that would be in the normal budgetary process of a department. It is a concern. Our children are our future, and of course in that context you could tie it to the heritage fund. But as far as a dental plan is concerned, as the Member for St. Albert has suggested, it is certainly one that should be discussed in the context of the normal budgetary process of the departments of the government. In that light, Mr. Chairman, I certainly couldn't support this resolution.

MR R SPEAKER: Two comments, Mr. Chairman. One, I think a resolution like this comes before us because of the frustration of many people in terms of their dental costs. The 60 per cent the hon. Member for St. Albert refers to is mainly people covered in the urban centres. I find that rural people raise

this question with me often. The cabinet committee that toured southern Alberta had a submission on the need for a dental program. One of the hon. ministers indicated that certainly the government was looking at this and would like to put it in place through a private organization. I thought that was a good suggestion, and I'm hoping government will take that under consideration quickly. But it is a general revenue budgeting matter.

I support the concept and think it should be done, but the second part of the submission makes it difficult for me to support it totally: "the feasibility of the Heritage Fund sponsoring such a plan". I would hope that if we commission, I can support the commissioning of the report. Maybe that'll urge the government to do it. Hopefully the recommendation will come out that it should be done through the general revenues rather than the fund. So looking at it in that logic, I think I could support the resolution.

MR SINDLINGER: I'd just like to thank the members for their comments and the consideration they've given and just make one observation about the reservations expressed that something of this nature should come out of the normal budget. I might point out that many of the things in the capital projects division could be so classified as well. In fact, they're nothing more than an extension of the normal budgeting process anyway, yet they were considered in this committee. I just felt that since the MLAs had voted themselves a dental plan over the last year, I thought perhaps we might do the same for the children of the province.

MR CHAIRMAN: The question on proposed Recommendation No. 15. Those in favor? Those against? I'm confused now. Again. Those in favor of proposed Recommendation No. 15? Those against proposed Recommendation No. 15? I still have one missing.

AN HON MEMBER: *Standing Orders.*

MR NOTLEY: [Inaudible]

MR CHAIRMAN: I know you were out for the discussion. Maybe you can be officially out of the Chamber for the vote.

MR NOTLEY: If it helps, Mr. Chairman, I'll vote in favor of it.

MR CHAIRMAN: All right. The proposed recommendation is defeated.

I think we'll now return to proposed Recommendation No. 12, the Member for Spirit River-Fairview.

MR NOTLEY: Mr. Chairman, Recommendation No. 12 would urge the establishment of an economic council of Alberta for advice and input concerning long-term economic planning in the province and the role of the Heritage Savings Trust Fund in that planning. The composition of it would be somewhat similar to the Economic Council of Canada. A technical agency is part of it, but the council itself is representative of different groups within the country.

In beginning debate on this recommendation, Mr. Chairman, I would just draw members' attention to the Foster report, prepared for the government of Alberta, that makes a number of interesting observations. Observation number one is that the Heritage Savings Trust Fund is a key element in diversification and that there should be a focussed diversification of the economy.

Diversification will not occur to any significant degree as an inevitable result of the massive energy sector developments prospective for the next decade. It will only occur as a result of implementation of specific strategies by the government.

As I see it, Mr. Chairman, if we're going to be able to use the Heritage Savings Trust Fund as a tool for economic development -- and some members may differ with that emphasis, but I consider that a very important emphasis, and to a large extent it's backed up by the conclusions and observations in the government's own report here -- we have to have a planning mechanism. When this idea was suggested before, several members, in horror, thought this was the worst kind of Marxism. I can assure you that notwithstanding a few of the observations I hear in the background, this kind of concept is typical of almost all the western European countries. Japan has a somewhat similar approach. Mr. Musgreave used the example of France. Prior to the election of a socialist government, there was a long-term planning agency under the so-called free-enterprise government that was defeated in May. West Germany has a system of long-term economic planning that is working very well.

I would just say to the members of the committee that if we're going to use the heritage trust fund effectively in terms of diversification, we need that kind of agency which would have not only the technical expertise but the political input as well. As I say, the model for that would be the Economic Council of Canada, which does have a structural arrangement which would permit political input as well as having a technical agency working directly for it.

MR PAHL: Mr. Chairman, I overheard a remark of one of my colleagues as the hon. member was outlining the fact that France had one. The results of the last election would indicate that it's not a good strategy to have an economic council of Alberta.

I think that without going into the merits or the lack of merit in the resolution, I just simply indicate my view that it's really very peripheral to the scope of the committee's activity. I would suggest that the committee not entertain the thing, or at least defeat it, and I would recommend to the member that he bring it forward in the full Legislature, which would be the proper forum to discuss it.

MR NOTLEY: Mr. Chairman, I'll close the debate by saying: no, I want the motion to stand. It seems to me that what we have to ask ourselves is: how can the Heritage Savings Trust Fund best be managed? It's my view that an economic council of Alberta would be valuable for the investment committee, it would be valuable for the . . . First of all and most important, it would be valuable for the investment committee because you would have this kind of long-term input and ongoing inventory of what's possible in the province. I think it would be valuable for our responsibility as a committee to review the trust fund.

I don't want to take a lot of time, Mr. Chairman, but I think that one of the documents recently released that has not been given nearly enough attention by this committee is the Foster report, which was prepared for the province. Frankly, we as a committee should have spent several days assessing the observations contained in the report, because it relates directly to the role of the Heritage Savings Trust Fund. On page 16 it says:

The AHSTF will represent an extremely significant tool in terms of the implementation of a provincial economic strategy.

Only with major public policy initiatives will the Provincial economy be able to reduce its dependence on the resource sectors, and diversify its relatively small manufacturing base.

And then some of the other quotes I gave you a moment ago when I introduced the topic.

The fact of the matter is that if we're going to be serious about diversification, you cannot divorce that from some kind of long-term planning. The issue is: if you're going to have some kind of long-term planning, who is going to do it? It's not as if we're suggesting that this is a terribly radical idea. I have a sneaking suspicion -- I could be wrong, but I believe the Economic Council of Canada was initiated under one of the Conservative governments. So the idea that we would have an economic council of Alberta as being some kind of bizarre left-wing aberration is just nonsense, just nonsense. If we're going to discuss this matter, let's discuss it seriously and not on the basis of this sort of right-wing, Ronald Reagan approach to things.

So I would say to the members that relating it to the management of the fund is a very deliberate view on my part. It could well be brought forward in the House and no doubt might be. It is certainly appropriate for discussion of this committee and, I think, long overdue.

MR CHAIRMAN: I think in his usual capable fashion, the member has stimulated some discussion.

MR KNAAK: Mr. Chairman, I was hoping I wouldn't have to talk about this. [interjection] Did you too, Tom?

There's absolutely no suggestion that the creation of an economic council of Alberta would either imply or suggest that it's a socialistic move. The question of whether or not we should have an economic council of Alberta is simply: is it necessary as a tool to help the government formulate effective action for its long-term strategy? Now, the creation of the federal Economic Council of Canada is a good example. I guess it wouldn't be overstating the fact to say that the long-term strategy for Canada that we're now seeing under the Liberal government can't really be dubbed a success story. To the extent that the Economic Council of Canada has had input on that, it has not been effective. The extent to which they have not been able to become influential with the government is also a problem.

There's no doubt that we as a government need to rely on the experts in the area. The experts aren't merely economists when it comes to diversification and economic development. I suppose if I needed advice with respect to a long-term strategy for Alberta, I would like to have a mix of economists and businessmen, who are very familiar with the complexities of diversifying and have in fact been in business and have run businesses. We are now getting that advice from the government through the private studies, as the Foster report, and have been throughout the past 11 or 12 years and will continue to do so. I'm not sure whether the institutionalization of an economic council would in fact give us what this recommendation suggests. I guess the way to really put this matter forward is to bring forward this matter in the whole Legislative Assembly rather than the Heritage Savings Trust Fund. It only has a very, very peripheral relevance to the Heritage Savings Trust Fund.

I guess I have to make one more point, Mr. Chairman. Over the last three years, I've noticed that the Member for Spirit River-Fairview just loves to do this. He pulls out a report -- and I know how reports are written; I've

written lots of reports. One person writes the report, it's in a document, and it's titled some group. All of a sudden it seems to become an authority on some aspect, notwithstanding that it's written by one or two or maybe three people. I say again: we the elected representatives, who have the confidence of the plurality of our constituents, have an obligation to make up our own minds and assess everything independently. We cannot accept studies as the last word on what we should do.

MR SINDLINGER: Mr. Chairman, I'd just like to observe that this recommendation does have merit, but I'm going to vote against it because the government has already recognized the merit in this recommendation and formed the Provincial Treasurer's Ministerial Advisory Committee on the Alberta Heritage Savings Trust Fund, so we're halfway there in any case.

MR R SPEAKER: I think most likely this one, too, comes out of frustration that 80 per cent of the decisions of the Heritage Savings Trust Fund are made within the cabinet rooms, and the back-up documents or any information isn't available to all the members of the Legislature. So we're saying that maybe a committee, a cross-section of Albertans sitting down and giving some recommendations to government would open it up to citizen input. I suppose in principle that would be very favorable.

MR NOTLEY: Perhaps I can close the debate without precipitating any more debate. I just want to make one response, Mr. Chairman. Sure, I agree with Mr. Knaak that we're all elected by our constituents and that we have the responsibility to make these questions. No question about that. But when we get carefully considered reports that cost the taxpayers a lot of money, surely we have the responsibility to take those reports into careful consideration. That's the test. It's not just that we sort of go by the back-of-the-envelope approach. The test is that when we have reports that are evaluations . . . It's just not good enough to say, you know, this is just prepared by three or four people and so what, and the Member for Spirit River-Fairview brings this in. The test is: if we disagree with it, we have to be able to explain why we disagree with it, where it's wrong, and why, on the balance of all the information we get, we can set this aside. I don't think you can set it aside. I think that to set this report aside, the province is making a very serious mistake. But I think that just reaffirms the need to institutionalize the information data base, if you like, that the policy makers have.

MR CHAIRMAN: The question on proposed Recommendation No. 12. Those in favor? Those against? The recommendation is defeated.

Proposed Recommendation No. 16, the Member for Calgary Buffalo.

MR SINDLINGER: Mr. Chairman, Recommendation 16 reads as follows:

Because revenue from the AHSTF comes from all non-renewable natural resources, forecasts in the Annual Report should include complete production profiles, and not just selected elements of the profile.

In particular, Mr. Chairman, I'm referring to the production profile on page 8 of the annual report, which shows Alberta's conventional crude oil profile declining. But it takes only a selected portion of the total forecast and excludes synthetic production and forecast reserve additions.

This brings to mind some comments made yesterday in regard to communicating the fund on a broader basis throughout the province. In general, I agreed with doing that; however, there are some reservations in that some of these communications might be politically slanted. I suppose that's a possibility when things like that are undertaken, but I think that the risk is worth the benefits that would result. However, I think this is a particular case where the information in the annual report has been slanted. It has been pointed out that the revenue from the heritage fund comes from all non-renewable resources and not just this medium and light crude oil. Therefore, I think it would be better if we showed the entire production forecast rather than just a portion of it.

It also brings to mind comments made in the 1975 debate in regard to the heritage fund, when members got up in the Assembly -- and in particular, the Premier -- and said that the production of light and medium crude oil in this province would be depleted by the mid-1980s. That was stated on several occasions as justification for establishment of the fund for that point in time when the revenues declined and we would have to supplement or increase our taxes to provide continuous government services. Well, it's now almost 1982, and it's obvious that in another three years that oil and gas production will not decline to the level anticipated 10 years ago. So I think it's worth while considering this recommendation and ensuring that those production forecasts which are included in here come from an authoritative source, which it is -- the Energy Resources Conservation Board -- and that they are complete and do not just select a certain portion of it.

MR PAHL: Mr. Chairman, I would first like to defend the projection of our Premier. As an economist, he knows full well that the production of light and medium gravity crudes has in fact declined to the point projected. But what has happened on top of that is that the price rise has had the effect of translating a lot of -- back to the hard-rock mining analogy -- waste rock into ore. That similarly holds for oil and gas deposits. So the forecast, in absolute terms, was not wrong. And the trend is certainly not wrong. I'm sure the hon. member did not imply that the trend in terms of light and medium gravity crudes is not declining.

I guess I would back up a little bit in terms of the recommendations we have reviewed, amended, and approved, Mr. Chairman, and indicate that although I think I understand the impact or the import and the definition or the communication that is suggested, in terms of the annual report we have before us a recommendation that has been passed and that says we should be making the communications more understandable, more broadly based, summarized. I think we may not be serving the objective very well if we add more to the annual report. I think the consensus of the committee has been that it is complicated enough. I think it would do our public a disservice if we suggested that there are reserves in the oil sands deposits equal to or better than those in the entire Middle East right now. It would paint the wrong picture because, as we all know, those synthetic barrels of oil will be, one, with a great deal more difficulty than conventional reserves, and the contribution to royalties and revenues by those reserves will be dramatically less than the conventional crude oil profiles.

So I would resist this recommendation because it's suggesting that the select committee of the Heritage Savings Trust Fund is in fact writing the report and by directing specific drafts to be put in, would not create measurably to the understanding. I think the communication is there in terms



of a trend line, and I don't think anybody could argue with a trend line. So I wouldn't support the recommendation.

MR CHAIRMAN: Are there any more remarks before the question is put on proposed Recommendation No. 16? Those in favor of the recommendation? Those against? The proposed recommendation is defeated.

Proposed Recommendation No. 17, the Member for Calgary Buffalo.

MR SINDLINGER: Mr. Chairman, Recommendation 17 reads as follows:

When witnesses called before the Select Standing Committee refuse to provide information on the grounds that to do so would compromise the integrity or confidentiality of the subject matter, the Committee should sit in camera to protect such integrity and confidentiality and again request the information. If such information is still not provided, this should be requested under the full authority of the Legislature.

Mr. Chairman, I put that resolution forward for the consideration of the members. Bearing in mind the government's policy of open government, I don't foresee any trouble with it.

MR CHAIRMAN: Any remarks on the subject by members? Okay, can we go to the question on proposed Recommendation No. 17? Those in favor? Those against?

MR NOTLEY: Uh, there is a problem. [interjection]

MR CHAIRMAN: You've run out of steam, Peter? I thought the Member for Edmonton Whitemud was never out of steam.

We'll now proceed to proposed Recommendation No. 18, the Member for Calgary Buffalo.

MR SINDLINGER: Mr. Chairman, Recommendation No. 18 reads as follows:

The Provincial Treasurer should identify the members of the Provincial Treasurer's Ministerial Advisory Committee on the AHSTF, the formation of which was announced in a Government of Alberta news release October 24, 1980.

Mr. Chairman, prior to the vote on the last one, I was about to say that this one would not meet with any difficulty on the committee either, because this government has publicly said it was an open government. Therefore, it should be accepted without much deliberation.

MR CHAIRMAN: The Chair would like to make some remarks about this particular recommendation. I read over the remarks of the Provincial Treasurer about this when he was before the committee. Certainly the impression in going over that is that the committee is not a fixed committee with a static personnel but that the committee -- I wouldn't like to put words in the Provincial Treasurer's mouth, but my impression is of an almost *ad hoc* committee. As a problem arises, the Provincial Treasurer selects people who, for that particular question, are the Provincial Treasurer's advisory committee. Is the Member for Calgary Buffalo suggesting that each time the Provincial Treasurer goes through this process, he should publish the names of the people

who are giving him advice at a particular time on a particular problem? Was that the recommendation? I think that's the only way it would work.

MR SINDLINGER: Mr. Chairman, notwithstanding your comments and bearing in mind that I was the one who asked the questions of the Provincial Treasurer when he was here before the committee as a witness, I still wish the recommendation to stand as presented.

MR PAHL: Mr. Chairman, for clarification, I would ask either the Chair or the member proposing the resolution whether this minister's advisory committee has in fact a legislative presence, whether it is in fact being supported by public funds. These are the sorts of questions I would like to know about and perhaps review a little more carefully. I must admit that the timing on the recommendations has not given me an opportunity to review fully the Provincial Treasurer's remarks on the committee. I would be hesitant to support the motion without knowing a little more about what legislative or legal status the ministerial advisory committee has. Certainly if it has a public expense, if you will, as well as an assisting presence to the minister, I would be inclined to support the recommendation. But I'd like to know that first.

MR NOTLEY: Mr. Chairman, it seems to me that if we have a Provincial Treasurer's advisory committee on the Heritage Savings Trust Fund, it is inconceivable that this committee would not request and expect from the Provincial Treasurer, as a matter of course, the release of those names, whether the release of a particular group that advises the Provincial Treasurer all year long or a group of groups or people on an *ad hoc* basis. It seems to me that if we have an advisory committee to the Provincial Treasurer on the Heritage Savings Trust Fund, we could not even begin to discharge our responsibility as a committee unless we had the names.

If it's a floating kind of committee, then obviously the report the Provincial Treasurer files will have to designate that on X question I was advised by so and so and so and so and so and so, and on Y question this person and this person and this person. I would find that information useful; I think all of us would. I don't see how we could not request it. I'm not aware of whether there's any remuneration involved, but I assume there probably is.

I can't imagine you'd have an advisory committee of any minister without some kind of remuneration for the people who provide that advice. But whether there is or isn't is less important than the fact that if there's a committee to advise the Provincial Treasurer on this fund and that committee has input to the minister, it is absolutely inconceivable that this committee would have a shred of credibility if we didn't have the names of those people. That seems to be such an elementary thing. It can't even be suggested that it's confidential. I mean, we're talking about the Heritage Savings Trust Fund, and we're talking about this committee, which is a watchdog committee. Unless we want to lose all our teeth as watchdogs, in terms of the public, it seems to me . . . [interjections] Well, we'll lose the barking as well, but certainly lose the teeth.

This kind of information should be supplied as a matter of course. I can't imagine the Provincial Treasurer would have the slightest difficulty in supplying it.

MR R SPEAKER: Mr. Chairman, two comments. One, I think if the Provincial Treasurer has announced in a news release that there is a committee, he should

be prepared to follow through and say who is on it. That's public business and should be put into the public arena so we can assess that and assess what angle the information or recommendations are coming from. Secondly, the request here is "should identify the members". How the Provincial Treasurer does it is not spelled out. So I'm sure the form which is convenient to him can be used and most likely acceptable to the committee.

MR KNAAK: Mr. Chairman, I guess what I find so amazing about this resolution is that there's any question about whether these people should be identified. Of course they should be identified. Has anyone asked the minister? No. I guess that's one concern I have with this resolution. Then I hear the Member for Spirit River-Fairview becoming all indignant about the possibility of not getting these individuals' names when in fact the minister has never been asked for them. I guess the only concern I have with this resolution, if any, is simply the fact that the minister has not been requested to give the names, then we make a resolution to the whole Assembly, requesting the minister to identify the members.

If in fact the membership changes on a project-to-project basis, this resolution becomes a bit ambiguous. Then the question is: every time there is a new project, are we obligating the minister to make a public announcement and, if so, what for? Or are we simply saying that if we ask the question as a watchdog committee, the minister should give us the information? I fully support the proposition, but it's so obvious that we are entitled to the information and that we would get the information if asked. I'm offended by the implication of this resolution that we can't get the information now. We can. No one's asked the minister.

What I would like to do and what I would suggest is that we put this resolution over and just inquire from the minister how in fact this advisory committee operates. If it operates on an *ad hoc* basis and changes its composition on a project-to-project basis, then I think that when requested by this committee, he should provide the information. But in terms of news releases whenever it changes, that's like giving a news release every time some departmental official changes. I can't see that happening.

It's easy to get the information. We've seen in the House, on Motions for Returns, this information is always available on an ongoing basis; it's just a matter of asking for it. That's why I think this recommendation sort of has implicit a suggestion which just isn't there.

MR CHAIRMAN: Before any other members speak, the question was raised of the power to appoint the committee. Mr. Clegg has got the appropriate parts of The Financial Administration Act which cover this particular facet. Perhaps you could clarify the situation at this time.

LAW CLERK: Thank you, Mr. Chairman . . .

MR PAHL: Mr. Chairman, I didn't ask for a ruling as to the Provincial Treasurer's power to appoint. I asked under what conditions he appointed. So for clarification of my remarks, I think the hon. Member for Edmonton Whitemud has struck upon it. I understand we are having the Provincial Treasurer before us, and I move that this recommendation not be further debated until such time as we can have a chance to ask the Provincial Treasurer for the information, if that's the wish of the members. If it's not forthcoming, then with the background of knowing under what grounds the minister has acted,

notwithstanding his authority -- I think until we learn contrary, we'll assume he's within his authority -- we pose the recommendation or defeat it.

MR CHAIRMAN: The Provincial Treasurer is going to be back on Tuesday at 9:30. I suppose that's a good time to ask him, when he's here about the Syncrude debenture issue.

MR SINDLINGER: Mr. Chairman, Mr. Pahl has graciously assented to my feelings on this matter, given the questions raised by Mr. Knaak. I'm getting the impression that both of them support the principle or intent of this particular resolution. However, the key reservation that has been raised by Mr. Knaak is: has anyone ever asked the minister for this information? After having been a colleague of Mr. Knaak's over the last few years and finding out how learned he is, I'm sure that when Mr. Hyndman was repeatedly asked this question by me, Mr. Knaak was not present at the committee meeting. Those of you who were here will remember my asking the question of him more than once, and he refused to provide the information. That's why this recommendation is here on the paper before us today. We have already crossed that bridge. We have already asked that minister for that information, and it has been denied to us. There is no reason to defer this or put it over until the next time Mr. Hyndman comes, unless somebody here has a specific indication that at that time he will be prepared to present the information to the committee.

MR PAHL: Mr. Chairman, I seem to remember the hon. Member for Calgary Buffalo asking questions about the composition of the membership, but I don't recall -- and I will have to review the transcripts. My questions raised today with respect to how the membership is constituted, how the commission operates, whether it spends public funds . . . There's a whole range of questions there that I would like to have the opportunity to have put more clearly in my mind before I can support the motion.

Whether or not the minister declined specifically to identify the members still leaves open the broader question of just exactly how the advisory committee is constituted, what happens to its membership on an ongoing basis, and whether public funds are involved in the activity. That's the general ambit of the questions I would like to see the Provincial Treasurer asked or have an opportunity to respond to before we put into the record, if you will, what might very well be a misdirected request.

MR NOTLEY: Mr. Chairman, before we do that, since we have the Law Clerk here, could we not find out the legality of the situation first, since we do have him here?

MR CHAIRMAN: I think while the Law Clerk is here, there's no problem with him verifying that the Provincial Treasurer does have the authority, under The Financial Administration Act, to appoint a committee of this type. Was that the point you were going to clarify, Mr. Clegg?

MR PAHL: Mr. Chairman, we still don't know under what authority he acted. He could have done it on an informal basis. We don't know that. Why are we getting a ruling before we know on what we're ruling?

MR NOTLEY: We're not getting a ruling. We're just asking for information. That doesn't preclude our asking questions of the Provincial Treasurer on Tuesday. No doubt we will.

MR MUSGREAVE: Mr. Chairman, I wonder if we could table this until a meeting when we meet with the minister?

SOME HON MEMBERS: That's the motion.

MR MUSGREAVE: All right, let's vote on that motion.

MR CHAIRMAN: We have a motion on the floor that this matter be tabled until next Tuesday at 9:30 when the Provincial Treasurer is there. Would you wish to have the Law Clerk here available at that time if you need?

AN HON MEMBER: He's got to be somewhere.

MR CHAIRMAN: Available.

MR NOTLEY: That's nonsense. [Inaudible] to try to drag him back. He's a busy man. It's a difficult time. Really.

MR CHAIRMAN: My understanding of the statement of the Member for Edmonton Mill Woods is that he wasn't actually questioning the minister's authority to appoint the committee. That was the basis on which Mr. Clegg came through.

MR MACK: Mr. Chairman, on a point of order. A motion to table a motion is non-debatable. I would suggest that it be put to a vote.

MR CHAIRMAN: The vote on the motion to table this matter until next Tuesday at 9:30 when the Provincial Treasurer is here. Seven. Those against? The motion is carried, and the matter is tabled until next Tuesday at 9:30 when the Provincial Treasurer is in front of the committee.

If we can now go on to Part B of the proposed recommendations, which is the capital projects division.

MR R SPEAKER: Mr. Chairman, Mr. Pahl and I had a revision of Recommendation No. 1 which we were to bring back.

MR CHAIRMAN: Oh sorry, I didn't get it.

MR R SPEAKER: It's been rewritten to read that:

The investment committee explore the innovative ways in which to make the Heritage Savings Trust Fund . . .

. . . and I took out the word "revenue" and placed in there the word "funds"

. . . directly available to assist Albertans in participating in the strengthening and diversifying of the Alberta economy.

The reason for the change of words: "revenue" could have meant the interest or the earnings, and "funds" is a more general meaning, the base of funds as well as earnings. What we're saying is that through loan programs or mortgage programs or various innovative ways, we could place the funds with individual or small groups of Albertans to assist them in participating in strengthening and diversifying the Alberta economy.

MR CHAIRMAN: Have all members received the amended version of Recommendation No. 1 under General? Any further remarks subsequent to those by the Leader of the Official Opposition? Can we put the question on Recommendation No. 1 as amended? Those in favor? [interjection] Pardon? I didn't hear.

MR KNAAK: I was just going to suggest an amendment, but if the vote has already gone ahead, that's fine.

MR CHAIRMAN: Well, I think I was already in the vote before I realized [inaudible]. So those in favor of the amended Recommendation No. 1? It's unanimous.

If we can now proceed to Part B, the capital projects division. There are some 32 recommendations under this capital projects division that have been proposed by various members. As I said at the beginning, some of them are similar, but there are differences in preambles and the other statements. The sequence is that Recommendation No. 1 was put forward by four members of the committee, so it has been given that degree of priority over any others. Recommendation No. 1 was put forward by Messrs. Pahl, Fyfe, Isley, and Anderson. Mr. Pahl's list got to me ahead of the others, so perhaps he would like to start off with his remarks on this subject.

MR PAHL: Mr. Chairman, I would note that it is very similar in its intent to a recommendation of the committee last year. That recommendation was that consideration be given to an early start on the development of a major recreational park in north central Alberta. I am not sure that my recommendation went so far as to consider the concept of a geographical separation of the wilderness/mountain and the lakeland facility; however, I think that any member of the committee who took advantage of the opportunity to tour Kananaskis Country would have had to have come away from that tour with a very positive impression of what is going to end up there and would also have come away with the impression that it is going to be used largely by the citizens of Calgary, as the closest major urban area. There is a great bulk of urban-based population in northern and central Alberta. Just simply on a logistics point of view, in my view there should be efforts to provide that same sort of outdoor recreational opportunity to more Albertans, specifically in northern and central Alberta.

MR CHAIRMAN: In the time sequence of my receiving the recommendations, Mrs. Fyfe, the Member for St. Albert, is the next one to have a crack at this.

MRS FYFE: Mr. Chairman, just in following up the comments made by Mr. Pahl, in visiting the Kananaskis area last week I was extremely impressed with the development, but most particularly I was interested in the facilities developed for handicapped people who are visiting that area. The fishing ponds that are accessible, the things that those of us who aren't handicapped often don't even consider: the accessibility to the comfort stations, the accessibility to the water where a fishing rod may be put into the water, the rather tremendous William Watson facility complex that is accessible to physically and mentally handicapped persons together with their families, where they're mainstreamed, if I can use that term, kept together in families rather than being segregated into some unique type of situation. I thought a tremendous amount of thought and input had gone into that area. I guess if there's any criticism now, it would be that it may be a very difficult journey

for some handicapped people to make it that far to the southern part of the province.

The resolution says that we would like to see a facility similar to those developed in Kananaskis Country. Obviously we can't duplicate the mountains and the geographic area of Kananaskis, but I believe the facilities could be duplicated in areas that would provide outdoor recreational space for all Albertans and include the type of facilities that have been developed in the southern region, particularly for the handicapped members of our society.

I think any park development and the parks that have taken place already through the capital projects are investments that are perhaps very difficult to realize in the economic long-term benefits, but there's no doubt that meeting with people in the tourist industry, tourism is such an important part of our economy, and park development is extremely important to that aspect of the economy. So the social benefits and economic diversification in our province are very strong benefits to all members of our society, but also in economic terms a very strong argument that would promote tourism and contribute to that industry.

MR ISLEY: Mr. Chairman, I come down in support of what Mr. Pahl and Mrs. Fyfe have said. I would also make the committee aware that the Northern Alberta Development Council has supported a similar concept, probably a little narrower concept.

I'd like to make my comments on the concept of geographic separation of the wilderness/mountain and lakeland facilities. What I would hope we would plan in north central Alberta is a series of selected recreation areas spreading from Cold Lake to Grande Cache and west into the mountains as opposed to taking an entire land block. I say that because of the many other potential land users in that same area. So I could see the provincial park we've already developed in Cold Lake expanding and being part of this overall concept, with other selected recreation areas like Wolf Lake, Touchwood Lake, Lac La Biche, maybe a river park on the Athabasca River which could be developed in a rather interesting way, then mountainous and wilderness concepts at the other end. But plan it in such a way that the other users -- forestry, mining, grazing reserves which already exist in that general area, I think an expansion of agriculture into the area is possible, hunting, trapping, and so on -- can exist side by side with these recreation areas. So I'm strongly in support of it, and I'm more strongly in support of the geographic separation concept.

MR CHAIRMAN: Has the Member for Calgary Currie anything to add to what's been said?

MR D ANDERSON: Mr. Chairman, I have very little to add to what my colleagues have said, except to indicate that I very much support the comments by Mrs. Fyfe with respect to the Kananaskis development and how the positive dimensions of that development could be applied in a northern centre, specifically with respect to facilities for the handicapped, which I would like to see expanded, if needed, in any such development in the north. Being from the south, I would not comment at all on the geographic separation or where in particular such development should take place, but only say that I'm happy to unite with my northern colleagues on what I hope will eventually be a very beneficial development for this part of Alberta.

MR R SPEAKER: Mr. Chairman, I would support the recommendation. But in terms of the principle, what we're supporting, we're supporting a capital project that certainly has . . . There are similar capital projects in terms of provincial parks in the province. I think that as we expand this use of the Heritage Savings Trust Fund we should look at smaller types of recreational areas, regional parks in the province, that are supported from the fund as well. Out in the rural prairies, where there's access to water from a lake, there's just bald-headed prairie that could be developed with trees and roadside parks that would add a lot to the heritage of Alberta. So I'd see us going this route, but certainly looking at an extension of that in the coming years.

MR NOTLEY: Last week I think all of us were certainly impressed, particularly with the facilities for the handicapped in Kananaskis. Like the Member for Little Bow, I think we have a little bit of a problem here, not in terms of the concept -- I think all members would be in favor of the concept, whether or not it should come from the Heritage Savings Trust Fund. We've just voted down a proposal for social infrastructure; we're now talking about recreational infrastructure. I'm not sure that one can easily make that distinction. In making it, I suspect we're making a value judgment and must take responsibility for it. I don't think the distinction is as objectively drawn on this. I think we're talking very subjectively here.

If we're going that route, I suppose one argument you might use for projects like this under the Heritage Savings Trust Fund is that in addition to the social impact there is an economic impact because of the tourist industry. That may in fact be something one can use as a distinction. But if that's true, Mr. Chairman, then it seems to me we have to look at not just the north central region. Calgary's got one. Now to sort of please Edmonton, Edmonton has to have something. Maybe it's in the lakeland and maybe it's in the mountain area west of Edmonton.

I think the point the Member for Little Bow raises is a very good one. If we're going to look at parks investment from a heritage trust fund point of view -- both the social as well as the economic impact -- then we have to address the question of regional parks. They have social impact, whether it's a park in the Peace River country, or economic impact. When I meet with the Mighty Peace Tourist Association, one of the complaints I get is: if you're spending all this money in Kananaskis, what about the money for northern park facilities? They're operating tourist businesses, and infrastructure in recreation is good for tourist businesses.

You say, all right, fine, that's going to be great for the people in Canmore and Banff, but what about the people in Peace River town? What about the people in McLennan? What about the people in Oyen or some of the other parts of the province? I think that if we're going to begin to address that question, then I say quite honestly that perhaps we should be looking at smaller projects but more decentralized throughout the province. I think the lakeland area is an obvious area. You may not want to have a massive park similar to Kananaskis, but the lakeland is an obvious area. Your own area, Mr. Chairman. It may be too far away to have the same impact as Kananaskis vis-a-vis Calgary, but it's obviously an area. I think Mr. Speaker's point about decentralized projects is one that we should not take lightly. I think it's pretty fundamental if we're going to fund them out of the heritage trust fund, recognizing both those criteria: social and economic benefits.



MR SINDLINGER: Mr. Chairman, two things. First, an observation. I would like to echo the comments made by Mr. Speaker and Mr. Notley. The observation simply is that this morning and yesterday we have rejected certain recommendations because they could have been funded out of the normal budgetary process. It's been pointed out that this could be done as well. We have provincial parks and other parks as well. So if we're going to apply the budgetary process as a criterion, I think we ought to apply it consistently throughout these recommendations.

Secondly, I'd like to ask a question: how much would the members proposing this recommendation suggest be allocated to such a park?

MR PAHL: I guess I was going to follow the batting order in terms of summary, if that need be, but if the hon. Member for Calgary Currie has a comment first . . .

MR CHAIRMAN: I think the Member for Calgary Currie had his hand up before that.

MR D ANDERSON: It doesn't matter, Milt. I wasn't going to respond very directly to the last question asked, if you have an answer. I don't. I guess my answer to that would be that the cost would be determined after one assessed what was needed in that part of the country and what needed to be developed. I'd be unable to give that sort of assessment myself. Maybe my more northerly colleagues have investigated it in total, but I doubt that.

I did want to comment with respect to the preliminary remarks of both Mr. Sindlinger and Mr. Notley, where there is an implication that we have already voted down items -- in particular, Mr. Notley mentioned the costs of social infrastructure. I can't speak for anybody else, but at least my vote on that issue was not opposed to social cost infrastructure; it was that the motion did not in fact define that it was an investment to deal with the future. I think that's what we're dealing with in terms of the heritage fund: investments, as I've said before, either in terms of returning capital, money, to the people of Alberta in the future or returning benefits to future generations through an investment made now.

You can apply that criterion to a number of things, and there's no doubt there are a number of gray areas, such as parks, in terms of whether they should be general revenue or whether they should be heritage fund projects. But I think the acid test is indeed whether or not the investment will assist the generations in the future rather than costing them more in terms of capital costs than they would receive in benefits. That's my test in terms of heritage fund investments. I just wanted to make that point for the record.

MR PAHL: Mr. Chairman, I'm certainly gratified by the general support of the committee for our recommendation. Certainly I thought the wording reflected the sentiments of both the hon. Member for Little Bow and the hon. Member for Spirit River-Fairview in terms of a broader based response to need. I know that's implicit in their remarks, and certainly their comments on the record in support are well taken and I'm sure will guide the committee in future related recommendations.

Responding to the hon. Member for Calgary Buffalo with respect to cost, I know the recommendation was advisedly phrased in terms of planning at an early date. If you plan well, you move from a concept to meet a need. Then you define the costs of meeting that need and implicit in that are the cost/benefits of the different alternatives you may face in responding to it.

I think there is another point in terms of an early date. Over the past -- golly, I don't know how many years Kananaskis Country has taken to move from the conceptual design to soon to be a full-fledged reality. Certainly there has been a learning experience involved in that activity. I think we as trustees would be remiss if we didn't take advantage of the expertise that has developed there and apply it in a like situation in a different locale or number of locales throughout the province. So I think there is some logic to an early date, simply because there is not only the need but the project team, if you will, and expertise developed through the Kananaskis Country experience that we should be able to use in duplicating the activity.

MR SINDLINGER: Mr. Chairman, I'd just like to add a footnote to my question in regard to how much is proposed be allocated to such a project, notwithstanding Mr. Pahl's comments on the planning aspect of the recommendation. I think it might be worth while for us as a committee, as we go through these recommendations, to try to define the recommendation in terms of how much it will cost, then total that number up at the end. Sooner or later somebody's going to look at the recommendations the committee has made and say, this committee has made recommendations to spend X millions or billions of dollars. It would certainly be embarrassing if we as a committee recommend that we spend more money than is actually in the fund. We ought to have some definition of what we're doing. So I don't say that lightly; I think it would be worth while to take into account how much money we are suggesting be allocated to certain projects. After all, the well isn't bottomless in this instance.

MRS FYFE: Mr. Chairman, I think if we looked at the list of capital projects we've approved already, we would see that there are in this list projects we have because Alberta is rich in resources. Nearly all other parts of the world could not compile this list of projects. We have been very fortunate in this province to have the natural resources and the revenue from those resources. But perhaps because of my prairie heritage, my philosophy tends to limit spending in the capital projects division. In fact, I feel very strongly that we have to be very cautious. I guess this feeling stems from what is sometimes called Depression syndrome, whereby there is a strong desire to save for a time in the future when we're not so well off.

So when I support a recommendation in the capital projects division, I certainly have to apply to it the criterion that I think there are very strong benefits. Part of the argument is that we would not acquire this project or these improvements or these areas of spending if it were not for our rich wealth within the province. So there is the criterion of social and economic. I think if you look at park development as one that applies to those two particular areas, I can justify that that would be an expenditure that is worthy of support.

If we look at figures, obviously we can't put exact dollars that would be exactly \$250 million. There is no cost you can put on something when a concept hasn't been developed. But if we're talking about facilities similar to those developed in Kananaskis or figures in the annual report as to what it has cost us to develop those facilities in that area, and if we're looking at providing another park area with similar infrastructure costs, then we certainly have some ballpark figures that we're looking at and we know what type of recommendation we will be making to the investment committee.

MR CHAIRMAN: Do we wish to adjourn and come back at 1:30?

MR PAHL: Mr. Chairman, maybe I could satisfy my colleague the Member for Calgary Buffalo by only footnoting that to say that capital projects are 20 per cent.

MRS FYFE: Maximum.

MR PAHL: Maximum. Obviously our recommendations will have to be prioritized by the investment committee and the experts they rely on. So I would certainly accept our committee making recommendations. The responsibility and the ultimate accountability to the Legislature and to the public rests with others, and I think we should recognize that when we place our recommendations to the Legislature. So although I think the hon. member's suggestion about tabbing up is a good one, I think it probably would lead to more sky-blazing math than we could do and probably wouldn't be particularly informative when we finish. But I appreciate his sentiment that the well is not bottomless.

MR CHAIRMAN: Two people have just put their hands up, so I think we will adjourn and meet again at 1:30 this afternoon.

*The meeting adjourned at 12:02 p.m.*