

[Chairman: Mr. Kowalski]

[10 a.m.]

MR. CHAIRMAN: Good morning, ladies and gentlemen. Welcome to another meeting of the Standing Committee on the Alberta Heritage Savings Trust Fund Act. This morning we have with us the Hon. Don Sparrow, Associate Minister of Public Lands and Wildlife. If all members would refer to page 13 of the annual report of the Alberta Heritage Savings Trust Fund Act for 1983-84, you will note a project identified as Grazing Reserves Development. This particular project comes under the direct portfolio responsibility of Mr. Sparrow.

Sir, we welcome you once again. As is our custom, perhaps you might like to introduce the gentlemen with you. If you have some opening remarks, please proceed; then we'll proceed to questions from committee members.

MR. SPARROW: Thank you, Mr. Chairman. It is indeed a pleasure to be able to introduce to you my Assistant Deputy Minister Fred McDougall and Assistant Deputy Minister of Public Lands, Mac Forbes on my left. We also have Jay Litke, my assistant director, in the gallery. The staff have to be complimented on the efforts over the past year with reference to this project and the grazing reserves in general.

I think the decision that was made in 1976 to use heritage fund moneys to fund grazing reserve development represented a major expansion in the province's ongoing grazing reserve program. Presently we have 30 that are in active operation. Three will be coming on stream and, when our program finishes, we'll have a total of 33 reserves throughout the province. Ten reserves have been sufficiently advanced through this program so they are now operational, with the three new areas being developed. This includes Blackfoot, just east of Edmonton, which will be developed as a combined livestock grazing and recreational project.

By providing land on which livestock can be grazed during the summer months and thus freeing up privately owned land for crop production, the grazing reserve program has helped to diversify and stabilize the agricultural economics of these areas, most of them being on relatively poor soil. Because the demand for grazing reserve privileges is very high, certain eligibility requirements have to be in place. These eligibility requirements normally favour the local small farmer or rancher.

As I mentioned earlier, I think the staff definitely have to be commended. In the last two years, many concerns have been brought to me over the cost of operating the reserves. We zeroed in with a twofold goal to try to bring our grazing reserves in total, not just the heritage fund projects but all of them, to a break-even point over time. We've been working toward that goal.

When we met with the committee last year, you may remember that I projected some of the goals we were looking for. We were projecting a 48 percent increase in efficiency in total, and at the end of the year we only received 42 percent overall efficiency in '82-83. It's broken down. We had an increase in fees of 15 percent. We increased our utilization by 13 percent, and decreased costs by 14 percent. We were projecting a higher increase of utilization, but

we were not able to obtain it.

During the current year we're looking at a 5 percent increase in fees, an additional 15 percent increase in utilization, and 5 percent decrease in costs, for another 25 percent change in the operation. If you add those two together, over the last two years it's a 67 percent turnaround. I'd like to take this opportunity to commend my staff and all the patrons and presidents and associations throughout the province that have worked so diligently to obtain that type of turnaround in operational costs and in increased efficiency.

The heritage fund reserves program commenced in 1976 and is a 10-year, \$40 million commitment for increasing grazing opportunities for Albertans. To date a total of \$30 million has been expended for their development. It is proposed that \$3.7 million be expended for further development in the '85-86 year, for a total of \$34.5 million. The 13 new grazing reserves are being developed, covering an area of approximately 250,000 acres, of which approximately 81,000 have been improved pasture to date. Although there is scope for sufficient increase, we will provide additional patrons in the next two to three years because the new pastures will allow us to have new patrons enter the system on those reserves.

Mr. Chairman, I'd like to leave my comments there and ask for any questions. A map showing all the reserves in the province has been circulated to you. You also have Schedule A, which shows the individual reserves broken down by the different regions throughout the province. It shows the acreages that have been broken, seeded, what has been fenced, where the work is actually taking place. The bottom of Schedule A on page 2 shows the provincial totals for cleared lands.

If there are any questions, I'm glad to accept them.

MR. CHAIRMAN: Thank you very much, Mr. Sparrow.

MRS. CRIPPS: Mr. Chairman, I think three of these reserves are in or peripheral to my constituency. All three of them have a number of oil wells. If I remember rightly, the new Pembina one probably has 71 oil wells. I know that in the past some grazing associations and some private grazing leases have obtained the lease rental from these oil wells. At the same time, I've been told by you and your department that the government actually loses money on the rent they take in, bearing in mind the amount of supervision that's needed on some of these public lands.

I guess what I would like to know is whether the Crown and the province of Alberta fully intends to maintain the lease rental rights of the oil wells that are on these three grazing reserves and any others that we're developing with heritage trust fund money.

MR. SPARROW: Presently there has been discussion by the patrons within various grazing reserves throughout the province to have us look at the problem you're discussing. Grazing associations, private lessees, do collect fees from oil companies. That does help subsidize their operations. Presently we do not charge for severance or inconvenience. There is a standard lease fee that is used on all

Crown lands, whether occupied or unoccupied, and no major revenue comes to us for these reserves from the oil industry with reference to the standard leasing process that takes place in the private sector.

MRS. CRIPPS: In the case of the Pembina reserve, the oil wells were there prior to the development of the reserve. In negotiations to do the fencing and whatnot that the oil company has to do, I presume it causes them a great deal more work to have the grazing reserve in that area than when it was just public land.

I guess what I want from you and the government as a whole is a commitment that we will not in fact allow these grazing reserves to become a potential money pot for the patrons by allowing them to negotiate oil rental leases with the companies who have wells on them, keeping in mind that the people who raise cattle in other parts of the province and who do not have the advantages of pasturing their cattle on a reserve have to sell in the same auction markets in competition with the people who right now are subsidized not only by low rental fees but in some cases by oil revenue from leased lands.

MR. SPARROW: Shirley, I have an ongoing study with reference to the problem. It will be brought forward to a committee of caucus to discuss at a future date. No commitment has been made to make a change in the present system. I don't intend to make any changes without bringing it back to my colleagues in a full discussion of the issue, as it is a very touchy one in local areas when you seem to be oversubsidizing one sector. I will make that commitment to bring back to a committee of the Legislature prior to proceeding or making any policy changes with reference to this status quo.

MRS. CRIPPS: Thank you.

MR. CHAIRMAN: Committee members, that concludes my list of speakers. Would additional members wish to address Mr. Sparrow?

MR. NELSON: Mr. Chairman, talking about grazing reserves — and I'm not sure whether there's a grazing reserve around McLean Creek camping area or not — I'm just wondering if the minister is aware that ranchers are allowed to graze their cattle virtually free of charge in this area, and apparently campers are subjected not only to unsightly messes but nauseating smells of cow chips and what have you. I'm just wondering if this is part and parcel of your grazing reserve, using campsites as grazing reserves.

MR. SPARROW: No, I can honestly say that is not part of the grazing reserve program. As you know, grazing takes place on many types of lands, private and public. That specific incident hasn't been brought to my attention. If there is a specific problem, though, and Crown lands are involved, if you want to give me a land location or vicinity close to it, I could have it checked into and see what the problem is. If it's along the mountains, it could be public lands and a lessee or grazing association may have the lands leased from us. But if you could give me the location, I could check into that for you.

MR. NELSON: I'd be happy to do that. Does your

department give permission to all grazing throughout the province, whether it be on particular grazing leases or through other sites?

MR. SPARROW: Yes, the Department of Energy and Natural Resources looks after all the grazing leases, whether in forestry zones or grazing permits or come under Forestry. Through our department, we can check into it for you.

MR. NELSON: Thank you.

MR. THOMPSON: Mr. Chairman, I'd just like to understand. The heritage trust fund money is specifically tied into capital development of the grazing leases. Is that true?

MR. SPARROW: Yes, the money has been toward the construction and addition of new grazing reserves throughout the province, and only those overhead expenses of staff that are involved in construction are charged to that program.

MR. THOMPSON: Okay. Now, here's a grazing reserve. It's been cleared, broken, seeded, fertilized, fenced, and the whole bit. Then what happens? Who takes over for the maintenance and upkeep of it? I see you've got 92 miles of fence here. I can see the thing being put in place, and then the heritage fund is no longer involved in it. It falls back to the department itself. Is that true?

MR. SPARROW: Yes, the department operates from there on. The patrons pay a fee per animal unit month for bringing cattle onto the reserve, and the operational costs are run under the department. As I mentioned earlier, we are working on trying to control those operating costs. The net total last year was a \$2.1 million deficit. That deficit has come down to \$1.8 million even though we've increased the number of reserves and the number of cattle on those reserves. That is an ongoing operation that is handled by government. It is our goal to try to get those costs to a break-even position.

In order to do that, individual reserve patrons have set up boards of directors, with presidents involved, that communicate directly with our staff at the local level on operational functions. They work on the budgets and forecasts, and have come forward in the last two years very efficiently and effectively in helping us control those costs. The changes are made on each reserve on a continuous basis, trying to improve the efficiency and the overall economics of each reserve. Those individual reserve patrons have been told that if they do get their operational costs down to what their revenues are for the individual reserves, future increases will not take place trying to subsidize the overall total program throughout the province. Until they're well established, the newer reserves are a little higher cost than the others. Irrigated reserves are a higher cost than dryland reserves and so forth. Presently we just have a fee structure for four different zones within the province, and they stay within a zone fee structure.

MR. THOMPSON: Thank you for the clarification, Mr. Minister.

MR. ALGER: Mr. Chairman, grasshoppers have no

conscience, and I can't help but think that they must be as hard on grass reserves as they are on a farmer's cropland. Have they had any adverse effect on the reserves this year? If so, have you taken any steps to remedy that problem? Would that be a matter of funding from the heritage fund?

MR. SPARROW: No, we haven't had a major problem. Just the location of our reserves — although five reserves in the southern part of the province were hit with the drought conditions that all the rest of the ranchers and farmers are suffering with down there. We may be forced to remove cattle anywhere from one to three weeks early because of the grass conditions, and in one case maybe as high as a month early. We're working with the individual patrons. Normally we don't turn the cattle out until they have their crops off and they can put them back into stubble fields or have someplace else to put them. Fortunately we were not attacked with the grasshopper problem as badly as some people were.

MR. ALGER: In the southern area, Mr. Chairman, the drought affected us quite severely. I suppose that altered the carrying capacity, Mr. Minister. I'd have to presume, then, that it cuts into the revenue as well. Is that an accurate statement? You don't pay if you're not there, do you?

MR. SPARROW: That's right. It's based on an animal-unit-month basis. If they're removed sooner, the patron does not have to pay for that time he's not on the reserve that he was anticipated to be there.

MR. ALGER: With regard to operational costs that you spoke of clearly in your opening statements, I think I sensed quite a degree of success. Could you repeat some of those figures for me?

MR. SPARROW: Yes, Harry. In 1982-83 our staff attempted to really make some changes. We started budgeting, forecasting, and setting goals, and they increased the fees to the patrons because they felt they were being undercharged. A lot of complaints were coming in that we were not charging enough. They were increased by 15 percent. We increased the utilization on all the reserves throughout the province by 13 percent, and we were fortunate enough that the staff were able to cut 14 percent out of the budget and reduce the costs by that much. So they effectively made a 42 percent increase in efficiency in that one year.

During this current calendar year, we've already increased the fees by an additional 5 percent, and we know we're going to be able to decrease the costs by 5 percent. Certain costs that were being paid with reference to salt, chemicals, and veterinary supplies are now being paid by the patrons, and that will decrease those costs by 5 percent. The overall projection of more cattle on the reserves throughout the province is 15 percent additional utilization. So there's another 25 percent that you can say is going to be a more efficient operation than it was in the previous year. The two years together add up to that 67 percent turnaround in their efficiency factors.

So as I stated earlier, not only all the patrons have been working towards this goal but the staff in every reserve have to be complimented for working hard and diligently to do a lot better job with fewer

dollars and more increased efficiency in their operations. There are still quite a number of areas that we know we can look at and work with to streamline the operation further than what we are now.

MRS. CRIPPS: Mr. Chairman, given the overall health, or lack of health, in the economics of the cow-calf industry, what's the long-term justification for the development of these grazing reserves using heritage trust fund money?

MR. SPARROW: Mr. Chairman, I guess the decision was made prior to my being here, but I believe that in order to assist young, beginning farmers, small farmers, in increasing the efficiency of their farm operations, they are given a chance through the grazing reserve program to take their cattle off their lands during the spring and summer months so that they can raise other crops. The cattle are returned to them in the fall. They feed them over winter, and back onto their stubble fields. As an overall, it definitely has an impact on the small beginning farmer, the small rancher, and he is the one that is eligible to place his cattle in these reserves.

We do have a very high demand at most reserves, and a waiting list with people trying to get into the program and have their cattle on the reserves. It is quite a job at the local level trying to be fair, to make sure that local patrons that have a need for the service achieve it. The increase in our utilization factor shows the percentage of increase in the number of cattle we're putting on because of that demand at the local level. It does get contentious in a lot of cases, because as farmers and ranchers become more successful, they get cut from the program. Maybe they have had cattle in a reserve for five or six years and, when their total operations improve, they're asked to step aside for new patrons who are beginning farmers or younger operators and who have a greater need for the service.

MRS. CRIPPS: How much effort is made to ensure that somebody who has been in a grazing reserve for, say, 20 years does in fact step aside and let some of these younger farmers in? You said that one of the reasons grazing reserves are considered useful is that people can take their cows out to pasture in the summer and put them in the stubble in the fall. What about the farmer whose only salable crop is cattle and who doesn't have the alternative of diversifying his farm unit? We don't have a grain reserve out at Camrose; we'd sure like one, though.

MR. SPARROW: As I said earlier, we accommodate both ranchers and farmers. Maybe I should have broadened on that in the last statement. A lot of cattlemen or young ranchers have cattle on reserves and also have cattle on their home properties. So it is a way for them to expand their herds during the summer months. They still face the problem of feeding in the winter, like anyone else. We do accommodate those.

MRS. CRIPPS: What about my first question? What kind of effort is made to assure access to the young ...

MR. SPARROW: Every January the grazing

association committee sits down with our staff at each and every reserve, goes over all the existing patrons, all the new requests, and annually looks at who is in the reserve, who should be added, and what patrons should be dropped. I know that they get dropped, because I have farmers and ranchers coming to me saying they have been. They want to try to get back in, but the local committees have made the decisions and basically we don't interfere with them at our level.

MRS. CRIPPS: Have you ever taken a look at the local committees?

MR. SPARROW: Yes, my goal is to try to meet with each and every one of them over my period of office. I've been at about 10 or 12 already in the last year, meeting with the patrons, going over each and every one of their budgets, their forecasts, and their patron lists.

MR. NOTLEY: Basically I want to shift ground a little bit. I think the grazing reserve program has been an excellent one. Although it's unusual that I compliment the government on programs, I think that the grazing reserve program has been first-rate. I just have one quick question before moving into a slightly different area. Have we seen a significant drop in the costs of the work we've been doing this year, whether it be breaking or seeding or what have you, as a result of the recession? Are we getting much more competitive bids?

MR. SPARROW: Yes, Mr. Chairman. The estimated amount that was allowed last year was \$6.8 million, and the amount we expended was only \$4.1 million, if I'm right. I haven't got the exact figures right in front of me. The majority of that is due to the efficiency of contracts coming in. Work was projected at higher estimates, based on past performance, and we didn't change the program in order to try to use up all the projected amount. We anticipated just those programs that we started off in the spring, and it had a terrific effect of lowering our total expenditure by the reduced amount being spent. The cost came more into line with every other type of construction cost; it dropped.

The other factor is that we delayed Blackfoot last year — a lot of that construction is taking place this year — because the planning and all the approvals with the recreationalists were not finalized. So there are two reasons why we didn't spend the total amount last year.

MR. NOTLEY: Mr. Minister, do either you or your colleagues have any breakdown as to what the difference would be? Just in terms of everything that I get back as a constituency MLA, it strikes me that almost without exception, capital projects are coming in under the estimates. I'd like to know what kinds of figures we have in your department.

MR. FORBES: This would be just an estimate, but I think we're looking at 80 percent of what we had estimated would be a figure. I don't think it's too far off that. It is costing us 80 percent of what we had actually estimated for contract jobs.

MR. NOTLEY: The other area I want to raise — Mr.

McDougall, I'm sure we've raised this over and over again when your department has come before the trust fund. We didn't have any specific recommendations last year, but in past years we did have recommendations on the whole question of public land development in Alberta for agriculture. We had the ECA hearings on that matter.

I guess what I'd like to get from you people before we consider recommendations this year is an updating from the minister and his associates as to where the government stands not on additional land — there was already additional — but speeded up. I think Mrs. Cripps made the point about the economics of cow-calf operators. I know there is certainly some concern about the general economics of agriculture, period. But part of our responsibility as a committee is to evaluate very significant investments in irrigation headworks and what have you. I guess what I'm interested in is: if we're going to invest heavily to irrigate more land in the south, to what extent are we prepared to bring in a co-ordinated policy to develop new land in the north?

MR. SPARROW: Mr. Chairman, we have addressed the issue over the past years primarily through our integrated management planning process, trying to identify and make sure that if we do expand into areas, the prime use of the lands has been very definitely selected for its long-term agricultural value. The controlling factor of land expansion is always that of access and the cost of building roads and construction in opening new lands. Throughout the past 10 years, if you look at the overall, an average of approximately 300,000 acres has been posted by the department. You could say that about half that is lands that are turned back in by ranchers or farmers and re-posted; the other has been an average general increase in expansion of new lands throughout the province.

Several integrated management plans have been identified in northern Alberta, with the prime goals of that plan being the expansion of new lands. With the downturn in the economy, we find that the demand for these new lands, the number of patrons and applicants coming forward, has dropped. There are a lot of private lands, that have been partially or fully developed, that are for sale. Putting new lands into those specific areas, we have to look at our costs to make sure they're comparable to what the private sector is selling land for. We are receiving some criticism for opening new lands because of the drop in value and availability of other lands. I suppose every industry in the province is going through that stage where the weak fall and there are other lands available for sale.

In certain areas, though, the demand has been high. In our postings this year, we've been trying to pick those areas where the demand is high. It is a natural expansion, and northern Alberta is primarily the two spots where we had large acreages posted this year. Our postings this year, though, are down, as the marketplace is down. In the long term, we have plans to follow through with our integrated management planning process, to broaden that land base throughout the province for its best use in the long term. Agriculture takes a high priority in that land planning process.

MR. CHAIRMAN: Would there be additional

questions forthcoming from committee members? I've exhausted my list.

MR. ALGER: I have a short one, Chairman. When I was referring to drought, grasshopper control, costs, and so forth, I kind of wondered if the district agriculturists are up to speed on all the reserves that your department handles. Are they in a good position to give advice? Are they in a position to know the problems and so forth?

MR. SPARROW: Yes. Generally, Mr. Chairman, our reserves are run under the Department of Energy and Natural Resources, and there is good communication and co-operation with the Department of Agriculture. They are used as advisers at a local level when needed. We don't have a major problem in that light. All departments get together on an advisory committee on expansions or new reserves, for planning input to the design of reserves. They definitely do have input into the system.

MR. ALGER: Thank you, Mr. Chairman.

MR. HYLAND: Mr. Chairman, my question is related to the program the minister has of attempting to get the advisory boards of the reserves to take over the operation of the reserve. I know he's encouraging that in the reserves that aren't trust funded. Is he also encouraging that in the reserves that are trust funded, to see if the advisory boards are willing to take over the total responsibility of the operation of these reserves?

MR. SPARROW: All reserves have been treated similarly on that offer we made to them. Looking at the operational costs and revenues, we knew when we made the offer that not many would jump to the challenge until we got our costs under control. But the reserves have been treated similarly with the offer to become their own operators. The efficiency of the local operation has increased drastically, because that is a possibility they are working towards. They want to help us get our costs under control and really look at it and do some economic studies on it before they commit themselves to the large undertaking.

We've had one reserve come forward, looking at becoming an association next year, and we're negotiating with them on the possibility of their becoming an association, leasing land, and taking over the operations. In the future we anticipate that others will be following that course or looking at it as an alternative.

MR. CHAIRMAN: Would there be additional questions forthcoming from committee members?

If not, Mr. Sparrow, thank you once again for your attendance this morning and the attendance of your officials. If all goes well, we look forward to seeing you one year hence. Thank you.

MR. SPARROW: Thank you, Mr. Chairman, and thank you for the funds to run the program.

MR. CHAIRMAN: Committee members, the second point on the agenda for today, in addition to meeting

with Mr. Sparrow, was an initial cut, I guess, or consideration of recommendations that committee members might wish to bring forward to the committee as such. You'll note on the schedule that was circulated some time ago that we had the phraseology "consideration of recommendations" for discussion this morning and that on Wednesday, September 26, 1984, we'll have a second opportunity to look at consideration of recommendations. The schedule then calls for discussion of recommendations on Tuesday, October 2, Wednesday, October 3, and Thursday, October 4. There are three witnesses still to come before the committee; namely, Mr. Hyndman on September 24, Mr. Loughheed on September 25, and Mr. Payne on September 27.

It was the general feeling of all committee members that perhaps the opportunity to introduce recommendations beginning today would in essence be an opportunity to read into the record a recommendation from a committee member, with a very minimal amount of explanation. That would provide all members with an opportunity to review the recommendations that have been advanced at this point in time. When we meet again, there will be a full opportunity to go into discussion with respect to these recommendations. In essence, I suppose the approach would be very similar to introduction of first reading of a Bill, so to speak, in the main Chamber during the regular formal session.

At this point in time, I have received a number of written recommendations from several members. My only difficulty at the moment is, how do you advise we best proceed? Should it simply be a matter of the member catching the attention of the chairman, and we just go on that basis? Generally conceded. Who would like to begin?

MR. THOMPSON: Mr. Chairman, before I start, I would like to get the procedure on this. John Gogo had to go to another meeting, so he left his recommendations with me. Should I read them into the record on his behalf, or should I wait till the other people have their ...

MR. CHAIRMAN: I think that would be appropriate. I don't know how many he might have, but why don't you go with one and then we'll rotate and provide an opportunity.

MR. THOMPSON: I'll start with my own first. My first recommendation is:

That Highway No. 22 be paved from Kananaskis Country boundary to Highway No. 3.

My second recommendation — and I am sure this government spends over \$150 million a year on research and development. With that in mind:

That of any research and development program funded from the Heritage Savings Trust Fund, no more than 50 percent of the funds can be used for so-called pure research, the remainder of funding being used in applying research to particular areas involved.

MR. HYLAND: The academics are going to love you, John.

MR. THOMPSON: They don't even know me.

MR. HYLAND: They will now.

MR. CHAIRMAN: What you've done is very, very fine from a procedural point of view. Would you have a written piece of paper for Miss Conroy, so she can keep track of them?

MR. THOMPSON: Oh, yes. I'll give it to you afterwards, Ann.

MR. MUSGREAVE: It's interesting, Mr. Chairman, that I should come on after Mr. Thompson's remarks on research.

I would like to place before the committee for its consideration the following resolution. I'll just highlight it, and I'll give you the statement.

That we should establish a new Alberta technology development authority.

It would in essence do for the manufacturing sector of the economy, plus the computer software communications portion of our service sector, what the Alberta Oil Sands Technology and Research Authority does for the oil sands and heavy oil portions of the energy sector. It could be funded either in a manner analogous to the Oil Sands Technology and Research Authority or similar to the Alberta Heritage Foundation for Medical Research.

It should be administered in a manner similar to that of the Oil Sands Technology and Research Authority, with a full-time chairman reporting to a minister, preferably the Minister of Economic Development, and with a board made up of private-sector members and MLAs. The board would be a working board, meeting several days each month, whose members should be well paid. In my view there would be a very close relationship between the proposed authority's chairman and cabinet, as is the situation with the Alberta Oil Sands Technology and Research Authority.

The authority should have a small secretariat to administer its programs and would not undertake any programs itself. It would appoint technical advisory committees or appoint consultants to advise it in specific areas of technology or market areas. The authority would obtain its operating funds from the Department of Economic Development on an annual basis, subject to review by the priorities committee of cabinet, similar to what happens with AOSTRA.

In carrying out its duties noted above, the authority would have applied research undertaken at its expense in Alberta government departments, agencies, and in Alberta's universities, but the vast majority of its funds would be spent in the private sector, much as is the case for AOSTRA. The board of the authority would have the responsibility, when specifically requested by the minister to which it reports, to advise on any or all aspects of science and technology development policy and act as a forum for the consideration of scientific priorities.

MR. CHAIRMAN: I guess that would be recommendation No. 3, which essentially calls for the development of an Alberta technology development authority.

Mr. Martin and Mr. Notley were kind enough to put a number of recommendations in, in printing. Would it be appropriate to circulate them to committee

members?

MR. MARTIN: Do you still want me to read them?

MR. CHAIRMAN: Sure. That would be for the written record anyway.

MR. MARTIN: There are five from me. The first one has to do with economic development:

That the committee recommend that the Alberta Heritage Savings Trust Fund Act be amended so as to make clear that the primary purpose of the fund is to strengthen Alberta's long-term economic base and to assist Albertans to be successful in their chosen occupations and enterprises through the direct provision of adequate capital at reasonable rates of interest.

The second one has to do with deemed assets:

That the committee recommend that the government propose legislation which would ensure accurate reporting of the assets of the fund. Only assets which are owned by the fund or realizable by the fund should be deemed to be assets on the balance sheet of the fund, as suggested by the Auditor General.

The third one has to do with the Olympics:

That the committee urge that all proposals for investment of the fund in developments for the 1988 Calgary Winter Olympics be brought before the committee for scrutiny before approval by the investment committee.

The fourth one has to do with urban transit:

That the committee recommend that the government should delay no longer but rather that there should be substantial trust fund investment in expansion of Calgary and Edmonton LRT during this time of continuing economic recession, to take advantage of lower costs and to provide much needed stimulus in those centres.

The fifth and final one is river cleanup:

That in the interests of job creation as well as environmental protection the committee urge the government to establish a program which would be financed by the fund and which would have as its mandate to clean up the North Saskatchewan and Bow rivers as well as other polluted or unsafe Alberta river systems.

MR. HYLAND: Mr. Chairman, like Mr. Thompson I have recommendations as well, from Mr. Moore, but I'll read that on the second go-around. The resolution I have relates to the questioning that I as well as others placed during Farming for the Future and the need for getting information from research onto the on-farm demonstrations as soon as possible so it can be used, and to remind those that are in pure research that the ultimate user must receive this information and see it working as soon as possible. It reads:

Resolved that Farming for the Future place an increased emphasis on its on-

farm demonstration program through encouraging direct involvement between the researcher and the interested farmer wherever possible.

MR. NOTLEY: Mr. Chairman, I'll read the five recommendations I have. No. 1, Legislative Accountability:

That the committee recommend that the Alberta Heritage Savings Trust Fund Act be amended to require prior legislative appropriation before any investment decision is implemented by the investment committee, in the same way that such prior legislative appropriation is required for investments of the heritage fund of Saskatchewan.

The second one, Federal Responsibility:

That the committee recommend that the Alberta government should, at the earliest opportunity, strongly urge the new federal government to significantly increase support for Albertans through such agencies as Central Mortgage and Housing Corporation and the Farm Credit Corporation, thus reducing pressure on the trust fund and allowing the Alberta government more flexibility to use the fund to assist Albertans to prosper.

The third one, Secure Working Capital:

That the committee recommend that debentures currently held by the trust fund in the Alberta Opportunity Company, the Alberta Agricultural Development Corporation, the Alberta Municipal Financing Corporation, the Alberta Home Mortgage Corporation, the Alberta Housing Corporation and Alberta Government Telephones Commission be sold when and as conditions in the market are such that the investment from the fund represented by the debentures can be recouped at or above cost.

Number four, Coal Blending:

Inasmuch as foreign importers of Canadian coal presently import coal from various sources and custom blend that coal and inasmuch as many Canadian coal users import specific coal types from the U.S. rather than blending from Canadian sources and inasmuch as present Canadian coal sources, including Alberta sources, offer a wide variety of coal which could be blended to meet all Canadian requirements, that the committee urge the government to press the new federal government for immediate discussions regarding the possibility of trust fund involvement in a joint federal/provincial effort to establish a Canadian coal blending industry.

Then a Northern Rail Link:

That the committee urge the government to delay no longer but rather to move immediately to begin the completion of a northern rail link to British Columbia

using trust fund moneys as necessary. Improved market access and the linkage of northern Alberta by rail with the massive Tumbler Ridge coal development will be especially crucial for northern economic development.

Mr. Chairman, those are the five I'd like to propose. I would like to advise the members of the committee that Mr. Speaker indicated he would have some. He expected to be here; for some reason he isn't here. I think I should just note that he told me he intended to have some resolutions, so perhaps we can recognize that and allow him to introduce them later.

MR. CHAIRMAN: Just on a point of clarification there, Mr. Notley, the committee will be accepting recommendations right through to Thursday, October 4. So at this point in time he will have four opportunities.

MR. COOK: I'm not as well organized as my colleague from Calgary who proposed a research resolution, but I'd like to recommend:

That the committee consider the creation of a pure and applied research program targeted at biotechnology and agriculture, modelled on the very successful Heritage Foundation for Medical Research and reflecting the government's white paper proposals of July 1984.

I have gone to the labourious lengths of writing out the resolution on a piece of paper.

MR. THOMPSON: Mr. Chairman, on behalf of Mr. Gogo, I'll read two recommendations into the record. One is on Alcoholism Research:

To my knowledge there is no one group or co-ordinated effort into research on alcoholism in Alberta. AADAC does not have capacity or funds. Medical schools and other agencies do no meaningful research. The majority of research in Canada is done by the addiction research foundation of Ontario. Therefore I recommend that a research program be established by AHSTF. If approved in principle by the committee, I would see that detail is provided.

That is recommendation number one.

Recommendation number two, Pain Control Research:

The medical foundation does not appear to do any research in this area, and they determine what they do. I recommend that AHSTF authorize a research study program in pain control, primarily for the benefit of those with terminal illnesses such as cancer.

MR. HYLAND: There are three recommendations from Mr. Moore for consideration:

That each department using heritage trust fund dollars for research projects provide the heritage trust fund committee with an annual report indicating where the private sector benefitted or utilized the findings.

Number two:

That occupational health and safety research selection committee be comprised of equal members from industry, labour, and government; that the maximum number be six to facilitate decisive action.

Number three:

That heritage trust fund dollars be made available to develop the province's water storage capacity to its fullest potential.

MR. ZIP: Mr. Chairman, an area of Road Transportation:

That the committee recommend that the involvement of the Alberta Heritage Savings Trust Fund be broadened to include major improvements to our road transportation infrastructure and hence economic competitiveness. In this area I recommend that the entire road connection between Calgary and Interstate No. 15 be improved to four-lane standards equal to the road connection between Calgary and Edmonton, to improve the competitive position of Alberta truckers.

With regard to AOC . . .

MR. CHAIRMAN: Is this another recommendation?

MR. ZIP: Yes.

That the committee recommend that the Alberta Heritage Savings Trust Fund expand the scope of AOC to where it is a business facilitator rather than a lender of last resort and that the statutory limit of funds available to AOC be doubled from the present \$300 million to \$600 million.

MR. CHAIRMAN: Are there additional recommendations that committee members would like to read into the record at this time? Then I will take the prerogative of reading one into the record:

That the standing committee endorse the use of moneys from the Alberta Heritage Savings Trust Fund for the creation of an urban parks program for the towns and villages of Alberta.

Members of the committee, this morning 23 recommendations have been read into the record. Miss Conroy and I will extrapolate the wording — in most cases it will be exactly the way it's been written in — and have a document, that will be circulated to you in the next couple of days, listing the 23 recommendations received thus far. All members should recognize and be aware that there will be an opportunity to introduce recommendations again at a further time, on three more separate occasions.

Just to alert you again, those who wish to participate in the overview of Kananaskis on September 20 should ensure that Miss Conroy is aware of your anticipated attendance. I think the details have already been made available to you. We'll meet in Calgary either September 19 or the early morning of September 20, as we're due to depart at 8 o'clock in the morning for Kananaskis

Country. It'll be a one-day overview.

The next meeting of the Heritage Savings Trust Fund standing committee will be on Monday, September 24, beginning at 2 o'clock in the afternoon, with the Hon. Lou Hyndman, Provincial Treasurer, as our witness.

Is there additional business committee members would like to raise? There being none, I bid you adieu until that time. Thank you very much.

[The committee adjourned at 10:58 a.m.]