

[Chairman: Mr. Oldring]

[10:05 a.m.]

MR. CHAIRMAN: Good morning, everyone. We'll call the meeting to order. After all the healthy progress we made yesterday, we don't have too many recommendations to deal with this morning.

I was in touch with the Provincial Treasurer, and it's just not going to be possible for him to appear this week. I'm at the desire of the committee as to whether we want to hold off making our final recommendations and try to set a meeting date later in January. Recognizing that it's probably the Provincial Treasurer's busiest time of year right now — he's keeping long hours — I would suspect it wouldn't be until the end of January before we'd be able to get him.

MR. McEACHERN: Unless we were looking for some kind of reaction from him to our recommendations, there isn't really a lot of point in meeting with him, certainly not from the point of view of making recommendations. Is that something the committee might like, to have a bit of feedback from him on our recommendations? Could he have them a couple of weeks ahead so he could look at them?

MR. CHAIRMAN: The Treasurer will respond officially to all the recommendations.

MR. McEACHERN: In written form as a rule?

MR. CHAIRMAN: That's right, in written form.

MR. McEACHERN: Do we want him to do it in a meeting forum? I don't really mind that much.

MR. CHAIRMAN: That certainly hasn't been the precedent established by this committee. Normally the format has been to file the written report in the House, and at some point down the road the Treasurer responds. But I'm at the desire of the committee.

MR. GOGO: In fairness, Mr. Chairman, we're into that budgetary cycle of cabinet. There is just no way. They go from 8:30 in the morning until 8:30 at night until February, which is normally capital budget time. I don't see how

it's possible to get him until after the second week in February. He's obviously an integral part of that process.

MR. CHAIRMAN: Shall we proceed for the time being with the recommendations and vote accordingly next Wednesday?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: We'll move to recommendation 52.

MR. McEACHERN: In the absence of Mr. Piquette I would like to make the argument that this particular recommendation is a fair one. When a farmer has to give up his farm for whatever reason — I know the economic downturn has forced many good farmers into difficulties. In some ways one would like to have made this so that the farmer would have the first right for the whole of the land he possessed. I think the associate minister indicated that to some extent they try to do this, although I know that initially they were not. When AADC forecloses on a property or has to dispose of it in some way to make a new deal on current terms, it would seem fair that the person on that land, if he had been a good farmer and had tried hard, be allowed to have first go at buying the whole of the property. I believe Leo felt that to enshrine that as policy would perhaps be a bit restrictive, but he didn't think it was unfair to enshrine the idea that he should at least have first claim at hanging onto the home quarter, where the buildings were and where he had perhaps lived for many years. He thought that as a minimum he should have first claim on that quarter.

It's pretty hard to argue against that. Farm people know how important the home quarter is, so I hope the committee would be prepared to support that at this stage. I think you would find from some of the remarks the associate minister made that she would not find that hard to live with.

MR. HERON: Mr. Chairman, again I would like to express my opinion that this motion in its intent is delving into the operation of an arm's-length corporation of which management has been legislatively vested in a board. That said, I would like to also mention that this matter is

an item which will be very carefully looked at by the agricultural development review committee. I serve on that committee. Without pre-empting the committee's final results and report, I would like to say that I personally feel that this recommendation creates a write-down of debt which has some very obvious disadvantages to the farmer who has taken advantage of the ADC programs and is paying his debts and is current, to have someone just across the fence line have his debt written down with the operation of this quitclaim.

Thank you.

MR. R. MOORE: Mr. Chairman, I'm basically along the same lines. I don't think anybody can argue; it's like arguing against motherhood in some areas. However, this proposal would take all the incentive away from anyone paying their debts. We saw a major reduction in the value of land. A great number of people who bought land are paying off debt which is far in excess of the present value of the land, but they respect their obligations and they're paying it out. We could see under such a plan that it would be just a matter of saying "quitclaim" and getting your debt adjusted. So there's no point in paying your debt. Every time you run into a little bit of a financial problem, a person could walk away from it and have a chance to rebid at a lower value when it was disposed of. For that purpose alone I can't see going along with this. It's a very dangerous type of proposal which would take away all the incentive for people to meet their financial obligations because they could escape them through this route.

MR. HAWKESWORTH: Mr. Chairman, if you want to look at an analogous situation, under the laws of this province for people who are threatened with loss of their property due to nonpayment of municipal property taxes, as an example, it's a very, very long process before a municipal government can take over that property. There is right of first refusal back to the property owner before anybody else has any chance to assume or buy that property. Whether it's due to nonpayment of taxes or the inability to make a loan that might be spread out over many quarter sections of land, the same result is that the landowner, the property owner, loses their property.

The home quarter has more to do with where

they live than any of the rest of it, and I think we should have the same kind of consideration for people losing that property under those circumstances as we do for people who are faced with loss of their property, for example, by not being able to meet their municipal property taxes.

If they're given at least the right of first refusal and they can't make that price, I guess they lose it. But in many cases they may have enough equity that they'd be able to buy back the home quarter and lose the rest of the property because of nonpayment of the loan. But to take a person's property where they are living — I think special circumstances and special consideration ought to be given to them.

MR. McEACHERN: I find the comment that it's a dangerous precedent rather strange. You're talking about a corporation that is essentially foreclosing on somebody's farm. I don't see why that person has to be considered some kind of dangerous revolutionary because he went bankrupt. He is in most cases a decent human being who has got himself into economic trouble, in many cases because AADC in the late '70s encouraged people when they wanted to borrow \$50,000 to take \$150,000. That was the root of part of the problem. The fact is that we suffered a very artificial sort of real estate boom in this country in the late '70s, and now the crash has come in the '80s. Many good farmers, many good people, got caught in that.

We were talking the other day about the Alberta Mortgage and Housing Corporation doing the same kind of thing with people in cities. Now we're talking about residents in the country, and I don't really see why they should be treated that much differently. To a degree the right thing to do, if the farmer is good and has any chance of making a go of that farm because he really wants to make a go of it, is probably to give him first right to whatever new deal the AADC decides to come up with for that particular property. But rather than tie the company to that, we have said only the home farm. There's no reason you should put that farmer off that land and bring somebody else in when the terms you can offer are realistic in today's terms.

I can't see this worry that anybody who doesn't want to pay their debt will just get it written down. That's nonsense. It doesn't happen. People struggle to pay their debts.

Most people try and are honest enough to want to pay their debts and do the best they can. Nobody likes to be considered to be defaulting on their payments. So that argument doesn't make a lot of sense.

I can't see why we can't protect to some degree the home quarter, the quarter people live on, or at least give the man some chance of redeeming that home quarter. If we're going to make those kinds of deals in cities with a lot of the portfolio of the Alberta Mortgage and Housing Corporation, that kind of deal for farmers would not be out of place.

MR. GOGO: Mr. Chairman, perhaps I need a little more information on this, but first of all the Law of Property Act in Alberta limits the liability on a residence to the amount owing. I'd be interested to know whether that's applicable to the residence on the farm. I don't know if it's any different. I'd like that information.

Secondly, Mr. McEachern talked about an individual. Two-thirds of farmers are now corporations, and they've done that on good advice for tax purposes. So I just assume that where the word is "individual" — if that individual is ABC Company Limited, a small, family company, would you view that any differently than an individual? I think that is important.

The most important one, though. I can see that it's very traumatic to lose — you know, a foreclosure is not a very pleasant thing for anybody. I happen to agree with you that government indirectly, both Farm Credit and ADC, has been responsible, because they lend money for the most archaic reasons. We're in many ways responsible for the depreciation in prices. However, the major consideration I have is that you're now differentiating between lenders. Obviously, the bank wouldn't tolerate that. What effect is that going to have? Is that going to have the same effect if ADC is treated differently than other lenders? We know what happened in Saskatchewan, with that moratorium of payment thing. It was chaos. Lenders just refused to lend. The government stuck their nose in and tried to interfere, and it had a very traumatic effect on lending policies. I wonder what effect that would have.

Finally, I would tend to go along with the spirit of Leo's recommendation if there were an amendment in there: "in respect of his former home quarter section if he or his people had

homesteaded that land." I'm not the least bit interested in a lawyer from Edmonton who has gone out and bought land, then gone belly-up for whatever reason, having the protection of this government, through ADC, to be the first one to lease the land. I can see all kinds of abuses. So I have no argument with the spirit of it, but I would want to attach the caveat. If someone has homesteaded the land in southern Alberta, to me that is quite different from what I would call an instant farmer. Those are my comments, Chairman.

MR. NELSON: Mr. Chairman, there's one point I'd like to make on this particular issue. First of all, anytime you lose something, it has a traumatic impact on the individual, family, or what have you. There's no question that that happens. However, I guess the question I'd like to ask is: assuming the government were to put something like this in effect and have ADC go out and do it, and assuming a farmer, albeit a corporation or an individual farmer, has been farming a number of quarters or sections over the years and finds himself in a position where the land is being foreclosed on and he has to go and get a quitclaim or what have you, how in heaven's name will that farm continue to be viable with a farmhouse and a quarter section of land when they have the economic plant in place and your land, your physical plant, is being reduced to the extent that that farm will not be viable on one quarter of land? What we're saying here is: "You couldn't make it on five quarters, but now we're going to let you back into the one quarter. In a year's time, because you can't make it with the one quarter, because you can't produce a sufficient quantity of produce to make that viable, we're going to have to come in and foreclose on you anyway." I think we have to examine the economic viability of one quarter against five quarters, if that be the case, to determine whether or not we are just stalling an ultimate foreclosure on the whole lot at a great expense to the rest of the taxpayers.

I had a call from a gentleman in Calgary and talked to him for half an hour last night. Boy, is he unhappy about how the government gives away the farm to the farmers. He just thinks we're selling out to the farmers at his expense. He was quite adamant about it, and I'm going to try to meet with him and cool him off. The point I'm making is that in economic terms I

don't know whether reducing a farmer's plant to one quarter and offering it back to him is going to make that farm economically viable without the enhancement of the additional land he has been working and being unsuccessful with at that time.

MR. R. SPEAKER: I'd have to agree with the final statement of the hon. member. When you reduce the size of the viable unit, it just becomes less viable and most difficult to repay.

In my own experience as an MLA, I'm working with one instance right now where this kind of policy could keep a young farmer on the farm. He started with one quarter of irrigation and works in tandem at some other employment with his parents and brothers. He bought the land, which was a bad judgment. Many other people made bad judgments, even those in urban Alberta, in terms of real estate. He bought the land at over \$1,000 an acre for irrigated land, which was the going market. That was a reasonable price in 1980. The market price now — if we can get \$500 an acre for it, we're very lucky. But when we rework his payment schedule, he comes out not badly at \$500 an acre of land. With these other sources of income he can remain on the farm. He and his wife have just bought a secondhand home, moved it on, and rehabilitated it. It's their home, and they want to stay. A policy like this would allow him to compete.

Up to this point ADC has said: "You lost it. Tough break, buddy. You don't qualify." What I have been suggesting to them is that even if he is able to qualify, he should have maybe some kind of preference in being able to stay there. He's there. He knows how the farm works, and he will become a farmer. That's one instance. I'm sure there are about 40 or 50 instances where we shouldn't allow the person to stay on the farm because it's just not economic. He shouldn't have a right to stay there unless there are some economics in it.

MR. NELSON: On that point, Mr. Chairman, I would just like to ask the relevance. Because he paid \$1,000 an acre where the value today is \$500, are you suggesting that ADC would write down that \$500?

MR. R. SPEAKER: That's what's happening anyway. They're foreclosing, taking it, and ADC is going to suffer the loss, and they have

these options now before them. First of all, they'll put it up to real estate, and real estate will try to get the marketplace to pay the best they can. He can then put in a bid in terms of that with the real estate. Failing that, it will be leased out. But ADC is very hesitant to lease it back to that young farmer that is currently on the land, even though he's a good farmer. They say, "Well, he lost it first; we can't do that." So they will lease it out to a neighbour down the road that's more successful, and he doesn't really need the land.

MR. NELSON: Wouldn't we be better off to offer him a lease to purchase, and then he would continue with it?

MR. R. SPEAKER: That would be nice. We've suggested that as well. We've tried all those options, and ADC is looking at all those options. They're going to come to this point of trying to make the decision that's been suggested here this morning.

MR. McEACHERN: To reply to a couple of the rather thoughtful points that have been raised, I think that you've answered Mr. Gogo's concern about whether the person was on that family farm for one or two generations, 100 years, or two years. I'd be hard put to say, if somebody really wants to live on the farm, that they can't have that deal that you were just talking about.

As to the economics of it, nobody is suggesting that you can live on a quarter section of land. Nobody knows better than myself. I grew up on one, and we didn't have a second or third quarter. We had good neighbours so that we couldn't expand our operation. Eventually we sold it, and then all the neighbours sold too. If we could have bought before that, who knows? I might never have got here.

MR. CHAIRMAN: We'll pass the hat, or is it too late?

MR. McEACHERN: If I had, I might have been a rural MLA from the Peace River country.

Anyway, the point is that nobody is suggesting that a quarter section of land would be economic. But in this day and age of mobility, many people who work on the farm have second jobs in the nearest town or a town nearby. If it's not feasible, they will turn down

the deal, of course. But there's no reason that they shouldn't be offered to live there. And usually the farm is bought by a neighbour who is expanding again anyway. We're in an age of expanding and bigger farms, and it would not hurt the economics of the rural area. In fact, what the man would probably do is go on living on the property or something and have one of his neighbours farm the part of that quarter that's cleared and fit to farm. That would give him some options. It would also give him a base from which to expand later if he went out and worked and made some money and really did want to farm.

So I don't really see that any of the objections raised would necessarily say that this would be a hardship on the Agricultural Development Corporation. They would get their money anyway. Just because they're getting it from the guy they foreclosed on instead of the next guy that comes along or the guy that's got the big farm next door, it doesn't seem to me that that's going to hurt anybody. It's not going to create a moral wrong or anything like that. I think that it would be a fair thing to do for somebody trying to maintain their home.

MR. HAWKESWORTH: Mr. Chairman, I think any comments I would make would simply echo the ones that have been made by the previous two speakers, so I will pass.

MR. CHERRY: Mr. Chairman, I think that where the mistake lies is that before they get down in their equity to where they haven't any, they should consider what their options are. I can agree with you that if you have a quarter that your family and grandfather had, there's certainly a sentimental value to it. As everyone else has said, there's no way that they can farm and have an income coming from it to support them. So basically all it is is an acreage, in one respect, except that they have a quarter section of land as an acreage.

I guess my argument is that as good businessmen, which many, many farmers are, it's too bad that before they got into this predicament, they didn't look at it to see where they were going. There's no reason in my mind I can see that if I wanted to walk out and buy the five quarters my friend from Calgary McCall has, I wouldn't sell him back the homestead quarter. I could do it that way.

MR. NELSON: I don't have five quarters.

MR. CHERRY: I'm not in agreement that these folks should have special consideration for their home quarter. I sympathize with them, but I just can't see it.

MR. CHAIRMAN: Some good discussion. We can maybe move on to recommendation 54, and again I recognize the Member for Edmonton Kingsway.

MR. McEACHERN: Just before I look at 54, could you tell me what number was paired with 53? I know we did one. I looked at it fairly quickly this morning and didn't put the number in beside it. It was paralleled to one of Mr. Chumir's, I believe. Do you have the number handy?

MR. CHAIRMAN: Recommendation 13.

MR. McEACHERN: Thank you. I know we discussed it, and I couldn't find the parallel one that I should have put a number beside.

Recommendation 54:

That the Alberta Oil Sands Technology and Research Authority explore new methods and develop new contacts to increase its sales of technology.

We're just suggesting here that in some way this research authority try to maximize some return on its investment. If it's making new breakthroughs in technology, somehow we should be looking at patent rights and that sort of thing and trying to recoup some of the expenditures. I thought that was a logical sort of thing to suggest. I don't think one needs to say that much more.

MR. CHAIRMAN: Any further discussion on recommendation 54? If not, we'll move on to recommendation 55.

MR. HAWKESWORTH: Mr. Chairman, I think it's fairly self-explanatory. The Charles S. Noble award for student leadership presently entails only a plaque and, I believe, a letter of commendation to the student that's recognized for leadership. I think it's the only one of the scholarships provided by the Heritage Scholarship Fund for students that does not have at least some kind of cash award to go with it, and it seems to put this award into a

sort of lower category of recognition. I would think that if some small token amount of cash were part of that award, it would increase its profile and enhance its distinction as an award for student leadership. I just make the recommendation that the board of trustees give consideration to adding a small token cash award as part of this particular fund for student leadership.

MR. GOGO: Mr. Hawkesworth, who qualifies for the Noble scholarship? A grade 12 student?

MR. HAWKESWORTH: I could be mistaken, but I believe it's for people in high school. A lot of them are on the student council.

MR. GOGO: The Rutherford award, as you know, is for the high school student. I'd like to speak to this, Chairman.

MR. HAWKESWORTH: I think the distinction is that there are awards or scholarships, for example, for achievement in sports, which I understand carry cash awards with them. There seems to be less emphasis on student leadership; at least that seems to be the message conveyed by these awards. There is less emphasis on student leadership as opposed to, for example, athletic achievement. This might enhance that sort of recognition for student leadership.

MR. GOGO: Mr. Chairman, I support this. I believe this committee should be having a look at the whole area of the scholarship fund. I'm going to speak to the next one the hon. member [inaudible]. The Condon award, for example, is the athletic award; it's a cash award. Yet the Louise McKinney award of \$3,000, which is for academic achievement at the postsecondary level, is contingent upon your continuing your studies. This is very interesting; I'd just like to explain this for a moment.

In our system in Alberta, under the Student Finance Board and the Canada Student Loans Act, if you've qualified to borrow, you borrow X dollars based on need but it has a catch. If you complete your first year of studies and don't go any further — you don't have to graduate in Alberta, by the way, to receive remission on a student loan. If you complete one year and you apply for remission, you get 50 percent off. The second year is 40 percent, and the third and subsequent years are 20 percent. If you win the

Louise McKinney award of \$3,000 and you require a student loan, your student loan is immediately reduced by \$3,000. You might say that that's not bad, based on need. The hooker is that your remission of 50 percent disappears for the \$3,000. What worries me, and I've raised this with the Minister of Advanced Education, is where on earth the incentive is for academic achievement if all they're going to do ... We're now at \$140 million in student loans. This is now an industry in this province. It's a bit like charity; it used to be a virtue and now it has become an industry.

I think we should look at the whole scholarship award system, because I think it's self-defeating. I look at those who win the Louise McKinney and are in effect penalized, so why achieve those outstanding results? It's almost a given that in this province 90-odd percent apply for a student loan.

Mr. Chairman, I would certainly support 55 by Mr. Hawkesworth except that I would like to propose an amendment, if the hon. member either now or later would consider it. I would insert a figure. The Condon award is \$500. People who achieve outstanding achievement in badminton win \$500; I can attest to that because my daughter showed me her cheque last week. I'm inclined to propose a \$500 cash award instead of a token; I don't like the word "token." I don't know the formality for an amendment, but ...

MR. HAWKESWORTH: I'm not sure either, Mr. Chairman, but I'm certainly very receptive to the proposal made.

MR. CHAIRMAN: I think it would be appropriate to do it at this time.

MR. GOGO: I would then move an amendment, Mr. Chairman: "a cash award of \$500 in addition to the plaque," et cetera, and remove the words ...

MR. HAWKESWORTH: "Small token."

MR. NELSON: Can I ask a question, Mr. Chairman? How many people actually receive this award each year? There's a ton of them. We've got an economic impact here, and I'd like to know what that is.

MR. HERON: Mr. Chairman, I couldn't support

this recommendation without having more economic data as to who, where, and what it's even for. The proposer of the recommendation a few moments ago told us that he wasn't sure, and in all honesty he gave us the impression that he just didn't have all the working details at his fingertips. Certainly, I think those details are necessary before we go forth with a straightforward recommendation. I say that knowing how successful the Rutherford scholarships are. Having been a party to presenting probably in excess of two dozen of those awards to high school students, I'd hate to dilute the impact and the usefulness of, say, the Rutherford scholarships by putting forth a recommendation that wasn't properly researched and carried through.

Thank you.

MR. HAWKESWORTH: Mr. Chairman, I would just re-emphasize that this is a recommendation to the board of trustees. We ourselves are not the board of trustees of the Heritage Scholarship Fund, so in terms of the ultimate decision or disposition of this recommendation, it's not in our hands to make that. What we're doing is indicating to that board of trustees that we feel student leadership recognition ought to be on a par with recognition of other, similar types of achievement by young people in that age category.

MR. McEACHERN: In terms of cost, the fact is there's \$100 million set aside. It has accrued to something above that; I think there is some \$143 million or something at this stage. That committee can decide whether or not they can afford this, and they do have, as my colleague just said, the ultimate right to sort of reject it. In fact, if I understand the process, we are recommending to the investment committee of the heritage trust fund, who I suppose would then pass on that recommendation to the foundation if they agreed with it. It's really more a matter of focusing attention on what we perceive as a problem.

I don't think the \$500 would be something that would make it so they couldn't at least consider it. Who knows if they'll come up with \$400, \$200, or \$1,000? But to put in a number does make it a little stronger than the "token cash award." I would be happy to accept the \$500, since the mover of it has. I don't think it would cause any serious problems down the

road.

MR. CHAIRMAN: Any further discussion on recommendation 55?

MR. GOGO: Mr. Chairman, as a matter of information, I just called the Student Finance Board and I will have that information by the time we sit again or before noon, if that's helpful.

MR. CHAIRMAN: Thank you.

MR. PAYNE: As long as we have it by next Wednesday, when we're voting on it.

MR. HAWKESWORTH: Mr. Chairman, this particular recommendation doesn't address the other matter raised by the Member for Lethbridge West. If other members want to put forward a recommendation about, for example, the handling of the Louise McKinney award and so on, is it too late to introduce those kinds of recommendations at this point?

MR. CHAIRMAN: As long as they're in written form.

Recommendation 56.

MR. HAWKESWORTH: Mr. Chairman, this is again a recommendation to the board of the Alberta Heritage Scholarship Fund, that they look at a new category of scholarships; that is, in the area of fine arts, applied arts, visual arts, and performing arts. It seems to me that this is a category of student achievement that in the past has not received the sort of recognition it ought to have received, in my opinion.

We're making tremendous investments in beautiful physical facilities all over this province. As a Calgarian I know the new Calgary Centre for Performing Arts is an example of a beautiful facility of bricks and mortar that has been put in place to promote the fine arts and the theatrical arts. But where are the young Albertans who are going to perform in those facilities? Are we giving the same kind of recognition to the people side of those arts?

Here is an opportunity for the Heritage Scholarship Fund to take a look at how they might better promote and recognize achievement in those areas. I think the resolution is fairly straightforward in that

regard.

MR. CHAIRMAN: Perhaps it would be appropriate to debate recommendation 56 in conjunction with recommendation 68, if the committee agrees.

MR. McEACHERN: Number 68 is what? I don't seem to have it.

MR. NELSON: I don't think I have a page with that on it.

MR. PAYNE: Page 11.

MR. NELSON: I have up to page 10. Could we have an additional page?

MR. CHAIRMAN: For starters, is the committee in agreeance?

MR. McEACHERN: I don't have a page 11, so I don't know what number 68 is.

MR. CHAIRMAN: We're getting another copy of it right away.

MR. GOGO: Mr. Chairman, as you mentioned, number 68 is very similar. I feel quite strongly about the scholarship program. I think it's extremely successful in enabling Alberta students to pursue areas of interest, and it's even applicable where that area does not exist in the province of Alberta. In other words, one could qualify and utilize those funds wherever that is taught, if it's not available in Alberta.

The one thing that in my view has been missing is the area of the arts. I feel quite strongly that when we look at the thrust in our society today for people to pursue matters other than academics and business, there's quite a void. For that reason, I think we should do what we can to encourage people to become involved in the arts.

One thing I'm not clear on at this point is what Alberta Culture does in that regard. For example, they now have a beginning authors' program, an artists' program -- there is a series. As an MLA I know how many cheques for \$300 to \$1,300 I have delivered to various people. I am of the view that that program may be in jeopardy for budgetary reasons. Although the dollars may be no different in total, I would feel more secure if it were done under the

scholarship program. It would then be almost fixed by statute and would be carried out rather than being based on the ability in the budgetary system of Culture to pay it. So I would support 56, Mr. Chairman, which is similar to number 68.

MR. CHAIRMAN: Any further discussion on 56 or 68?

MR. HAWKESWORTH: Just a question to the member in terms of looking at resolution 56. He has omitted the applied arts, visual arts, and performing arts. Does the member consider that all to fit under the category of fine arts?

MR. GOGO: Yes.

MR. HAWKESWORTH: Okay.

MR. CHAIRMAN: We'll move on to recommendation 57 and recognize the Member for Edmonton Kingsway.

MR. McEACHERN: Number 57 states:

That all medical research activity funded by the Alberta Heritage Savings Trust Fund be consolidated into the Alberta Heritage Foundation for Medical Research.

Just to refresh my memory, I glanced back a little bit. I was remembering some of the projects funded under Mr. Dinning's portfolio. The idea here is that one body can co-ordinate the whole thing and we're not running off in different directions. There is applied cancer research, occupational health and safety research, and applied heart disease research, which are over and above and separate from the \$300 million under the Alberta Heritage Foundation for Medical Research Endowment Fund. We thought that since that is the main centre for handing out research money, those other projects should be brought under that umbrella. It would make it a little easier to keep track of just what's going on and to know when there is duplication and that sort of thing.

It's just a consolidation kind of thing. It wasn't to indicate that there would be any cutback or change in funding or anything like that.

MR. CHAIRMAN: Any further discussion on recommendation 57?



MR. GOGO: Mr. Chairman, I would oppose that for these reasons. I think we can be very proud of what the medical research foundation is doing. But in my view, it's pretty well pure research. A couple of years ago I pointed out that a substantial number of people in Alberta suffer from pain. At that time there was very little, if anything, done on pain. I see that the medical research foundation is now doing something; it's in this latest annual report.

But I think one has to look carefully at the occupational health activities in Mr. Dinning's department, who in my view are doing a great deal with illness, disease, and disabling things that affect people on a day-to-day basis. For example, I know of absolutely nothing being done by the medical foundation in alcohol research, which to me is an illness. It is recognized by the Alberta Medical Association, the Canadian Medical Association, and the American Medical Association, yet they're doing virtually nothing.

It's my view that on the occupational side, if one looks at the number of man-days lost through absences through illness, it's more practical for Mr. Dinning's department to do it through his program. As you know, people are invited to submit proposals each year, and a panel under Mrs. Lynn Hewitt and some other people in that department determines the validity.

So I would oppose number 57 for the simple reason that I have that great fear that everybody looks at heart and lung transplants and the research into that as being what medical research is all about. Frankly, I think the quality of life is equally, if not more, important than the long-term benefits of medical research.

MR. McEACHERN: Given those reservations on that one, perhaps you would be more interested in 59. I'm just skipping 58 for a minute; these three are sort of all related to some extent. Perhaps 59 at least would meet with some approval. Here we're suggesting setting up a registry for medical research, with the

(2) proposals for research by the Medical Research Council, the Province of Alberta, the Alberta Heritage Foundation for Medical Research, Alberta universities and hospitals, and other agencies be registered therein;

(3) any interim status reports, final

reports and any publications be filed therein; and

(4) the registry records be made available to any agency funding medical research.

The basic idea is that at least we're not duplicating things for lack of knowledge of what somebody else is doing. I think your point about not seeing some difference between pure research and more practical or day-to-day applied research is well taken. But there does seem to me to be a need for some kind of co-ordination between what different groups are doing. There's no central place you can find out without having to chase all over the country to find out what's going on. If we could do that within Alberta, perhaps the next move would be to do it within Canada and even in the States, so we have some kind of communication going as to what's happening in the world we live in. The way things are now, it's pretty hit and miss. It seems to me that this would at least be a step in the right direction within our own house.

So what I was suggesting is that we could look at 59 and skip 58 for a moment. Then I would go back to that one.

MR. CHAIRMAN: You'd like to deal with 57 and 59 at this time?

MR. McEACHERN: Well, 57 seems to be finished, unless somebody else wanted to comment on it.

MR. HAWKESWORTH: I just want to say that I think the motivation for this resolution from Mr. Piquette is that he would like to see the responsibility and co-ordination centralized under the Heritage Foundation for Medical Research. I think his feelings for that are probably many of the same reasons why the Member for Lethbridge West, Mr. Gogo, would like to see, for example, senior citizen accommodation assumed by one minister, so that you're not going from here to there and there's competition, and where there are two different policies that aren't co-ordinated, somebody is responsible for activity in one area. I think there's some of the same motivation for bringing this forward as it applied to medical research.

MR. CHAIRMAN: We'll move on then to recommendation 59.

MR. McEACHERN: I already spoke to it in conjunction with 57, so I won't add further unless somebody else wants to comment.

MR. CHAIRMAN: Moving on to recommendation 58.

MR. McEACHERN: Number 58 says a lot more than it appears to say, and I will elaborate a little bit. I'll read it as it exists and then expand on it from there:

That the Standing Committee recommend to the Board of Trustees of the Occupational Health and Safety Research and Education Fund that it pursue research into the evaluation of procedures, equipment and safety regulations in the oil and gas industry.

The record of the gas and oil industry in this province has been abysmal in terms of accidents and prevention of accidents, that sort of thing. A lot of people have been killed and a lot of people have been hurt. Nobody has consistently set about trying to improve that record. The rate that oil and gas companies have to pay for workers' compensation is incredibly higher than anybody else's because of that. The facts and statistics are there to show that that is the case.

There have been some proposals by Mr. Taylor that at least we set up a central registry of not only accidents but near-miss accidents as well. I think his recommendations to the government -- and he's tried several times to get them through to the government -- have made a lot of sense. He wanted to set up a small foundation and organize a registry for all accidents and near-miss accidents. He maintained that by recording those, you could begin to see patterns as to which kinds of equipment were at fault or at least partially responsible for different kinds of accidents and which kinds of activities on the part of workers were causing problems. Therefore, you could start an education program, based on a really sound base of facts and figures about what was going on, that would allow us to clean up that high rate of accidents. His proposal is certainly worth a lot closer look than I think he's had so far and perhaps worth some government funding.

In other words, he's proposing to do a job that the government should be doing through its occupational health and safety function in the

department of manpower, but he's been given no encouragement and everybody sort of says, "Oh well, it's already taken care of." But, in fact, it's not already taken care of. So I guess that's the direction. That's only one of the options. Obviously, the investment committee of the heritage trust fund and/or the government, in whatever way they wish to do so, can deal with it in other ways, but there is no question of the need for something in this area. So this was meant to be a sort of push to improve the record of safety in the oil and gas industry.

MR. PAYNE: Mr. Chairman, Mr. McEachern's proposal is obviously very well intentioned, and I would have no difficulty in supporting it. My single concern is that it leaves the inference, however, that little or nothing has been done heretofore by the occupational health and safety division or its related foundations and funds. I have obtained from the officials of the department some data to make the point that to this point in time something like \$1 million has already been spent, either through the division or through the occupational health and safety heritage grant program, on precisely the kinds of requirements and needs that the member cited.

For example, from the data that I have been provided, the occupational health and safety heritage grant program has funded 13 projects in the oil patch, amounting to \$630,000, with the focus of improving rig floor and work-related procedures, safety equipment, and safety training. As well, that grant program has provided something like \$340,000 for four research projects directly related to the H<sub>2</sub>S problem, which of course is perhaps the significant oil and gas industry safety problem right now. That's through the grant program. On top of that, the division itself has provided considerable funding -- and I haven't been able to get that number -- for the kinds of things raised by the member today.

In sum, I'm quite supportive of the recommendation. It's obviously very well intentioned, but I just regret the inference it leaves that neither the division nor its related foundations or funds have been active in the area, because that is simply not the case.

MR. McEACHERN: Perhaps one could just reply by saying that whatever has been done is not enough at this stage. Certainly Mr. Taylor's

proposal -- and I'm not here specifically as an advocate for Mr. Taylor's proposal as such in this recommendation -- envisaged the idea of bringing the oil industry into it also in such a way that they would be participating in it. I think they see the need as well, because they're paying pretty high compensation payments. So that would be one benefit.

The other thing is that if we really centralized a lot of information in Alberta we'd probably have the best and closest, in terms of geographical proximity, numbers of oil companies, oil rigs, and oil operations going anywhere in the world, with the best communications systems to put together a sort of comprehensive total package. We could become the model for the world and export an incredible amount of technological knowledge about health and safety in the oil field for the whole world. I don't think there's any other place where there's as great a concentration of people with the kind of expertise, knowledge, and communication ability as in Alberta. So we have a chance to become world leaders in this area and could not only save ourselves money in terms of health care and accidents and problems that way but also export the knowledge and technology into other parts of the world in the long run.

So I think we really have a great opportunity here. I'd like to see it more that way than sort of saying -- you never can do enough, I guess; but I think we could try.

MR. CHAIRMAN: We'll move on then to recommendation 60.

MR. HERON: Push his fast-forward button.

AN HON. MEMBER: He's doing all right.

MR. McEACHERN: Number 60 is a fairly major one, as far as I'm concerned, so sorry about the fast-forward button.

That the Alberta Heritage Savings Trust Fund Act (RSA 1980 c. A-27) be amended to make clear that one of the two major purposes of the Fund, along with acting as a savings account for the future needs of Alberta, is to encourage the diversification of the Alberta provincial economy.

That is sort of referring to a statement made, I think, back in 1982 by the former Premier that

the diversification aspect of the fund was to be downplayed and that it was just a savings fund -- a sort of backing down, if you like, on the original intentions of the fund. I guess that was recognizing realities, or what was rather than what they would necessarily like to do, but we thought we should re-establish that diversification as an important aspect of the heritage trust fund.

One of the principal means of achieving the latter is the provision of assistance to Albertans to ensure success in their chosen enterprises through the direct provision of adequate capital at reasonable rates of interest.

In other words, heritage trust fund projects that would loan money to individuals.

Another is equity investment in government or joint government/private-enterprise energy projects.

We would in a way just reiterate our party's support for the development of oil projects in this province. I would point out that we said "equity investment." When we put money into projects, we should by and large be getting equity for that investment so that we share in the profits of those corporations.

This is just reiterating a couple of the major themes behind two Bills I put into the Legislature, the Alberta Development Fund Act and the Alberta Economic Council Act. We think this would be of benefit to the province. We should look at the diversification thing more strongly. We talked about that in relation to Vencap just recently. We think the heritage trust fund still has quite a lot of money in it, in spite of the fact that we are in a deficit situation and could fritter away the heritage trust fund quite quickly over the next three or four years if we turn up a \$3.5 billion to \$4 billion deficit every year for the next three or four years, as we seem to be doing this year. There wouldn't be any heritage trust fund left. But I don't think it's too late to do projects that would help diversify the economy before that money is gone, and I don't think we necessarily have to think in terms of it all being spent over the next three or four years.

I'm saying by this resolution that we're not giving up on the heritage trust fund but that we would like to see it used more for diversification than it has been up to now.

MR. R. MOORE: Mr. Chairman, the main

thrust of this recommendation, as it states right at the beginning, is that the fund Act

be amended to make clear that one of the two major purposes of the Fund, along with acting as a savings account . . . is to encourage the diversification of the Alberta provincial economy.

When one reads the 1985-86 annual report, page 3, it's very clear. It's not ambiguous in any way, shape, or form. It states:

Since its inception, the Fund has had three major objectives:

1. To save for the future.
2. To strengthen and diversify the economy, and thereby place the province on a more solid footing to face future challenges.
3. To improve the quality of life in Alberta today as well as in the future.

This prudent savings philosophy has paid many dividends to Albertans.

It's very clear there. I don't see where we need an amendment to the Act when it's right here in this report and has all along been one of the main purposes. I don't know why we would amend it when it's already there as part of our philosophy.

MR. GOGO: Mr. Chairman, my understanding is that under section 6 of the existing Act, the investment committee can approve any investments in accordance with resolutions passed by the Legislature. If one can convince the Legislature by resolution as to a direction or an investment that the heritage fund should take, then the investment committee can follow that. If that's the case, it would seem to me there is therefore no requirement to amend the Alberta Heritage Savings Trust Fund Act.

MR. HERON: In looking at the recommendation, it has several components. The two previous speakers have clearly pointed out that the existing legislation does in fact cover what is proposed in the first part of the recommendation. I would like to say that the heritage fund doesn't operate in isolation. Clearly, it operates in tandem with government policy. In looking at economic diversification, we have to call to mind the farm credit stability program and the small business term assistance program, which were highly successful in the last year.

I'd like to look at point 2, which deals with

government equity in the energy projects. It's also happening. For example, the provincial government owns \$56 million of Alberta Energy shares. As was mentioned in these hearings earlier, that ownership had decreased from 50 percent to 37 percent. Additionally, the provincial government has invested \$459 million in Syncrude for just about a 17 percent participation in that major energy project.

But I suppose to be more specific to the major purpose of the heritage fund, which was addressed by Mr. Moore, I'd like to look at some of the specific things. Thanks to the heritage fund, from medical research to hopper cars to scholarships to irrigation headworks, economic diversification is occurring in Alberta.

MR. PAYNE: Agreed.

MR. HAWKESWORTH: Mr. Chairman, I think the difference between what Mr. McEachern is proposing and what has just been highlighted by Mr. Moore is that the way the annual report reads is not the way the Act reads. Omitting a number of the pre-emptory clauses, the Act simply says that the objective of the fund "will tend to strengthen or diversify the economy of Alberta," not that it will strengthen and diversify the economy of Alberta. The Act has stepped back from its original intention by watering down this particular objective. We feel that as a result, the kinds of investments that have been made have tended not to really emphasize and be serious about the matter of diversification of the economy. We feel it is important that we unequivocally make that strong emphasis throughout the legislation and throughout the investments that are made by this Heritage Savings Trust Fund.

MR. McEACHERN: In reply to some of the objections raised, I of course appreciate my colleague's points about the diversification in terms of the Act itself and the general thrust. That is correct. I would point out as an example the Vencap investment, which we spent a lot of time on just yesterday: \$200 million given to a corporation, supposedly to diversify the economy. In three years not much has been done by that corporation. Then the chairman of the corporation comes right out and says publicly that his purpose is not to diversify the economy but rather to make as much money as possible for his shareholders. So there has been

a watering down and in some cases a backing away from that diversification thrust that the fund supposedly had at the start. We think this would be a good time to recommit ourselves to that kind of direction and that the government should do that.

As to the other two processes by which we would do this, one is loans directly to the people of Alberta. We think that small business has a lot of ideas and could do a lot of different things.

My friend Mr. Heron mentioned the farm credit stability program and the small business term assistance Act. We supported both of those programs. We thought they had some merit but that they could have been better. The interest rate wasn't very good. It didn't really help people very much. In terms of the small business term assistance Act, the money was all taken up so quickly that all you can say that happened was the banks rewrote the existing contracts they had with their best customers and got their 2.375 percent from the government. It really achieved very little, as far as one could tell. It was over and gone so fast that small businessmen are still left with a gap between help for small businessmen and help for bigger corporations -- back to that theme we were on yesterday about the \$1 million minimum for most of the Vencap investments. So there is a problem there.

In terms of the equity investments, yes, we have some equity investments in the oil industry, as you indicated, but we in this province did put up a heck of a pile of money on other bases. Originally in the Syncrude project we put up \$200 million to Cities Service on a loan basis. We built a power plant for \$300 million. We built a pipeline for \$100 million, not on an equity basis. It was an important part of the project, but it was not considered equity; it was just a straight loan at 8 percent or some such number, which I think was the going interest rate at the time.

MR. GOGO: Prevailing rates.

MR. McEACHERN: Yes, prevailing rates. So we did put a lot of money into various projects to help companies get off the ground. For instance, if you want to follow Syncrude a little further, what the federal minister said is true: they've already put up some \$2.5 billion for the Syncrude project. They gave five-year tax

write-offs to all the major participants in that project. So the \$600 million that Gulf put in and that Esso put in and the \$200 million that Cities Service put in was more than gained back by those companies through tax write-offs. So here we have a picture of the taxpayers of Canada and Alberta putting up all the money for that project and the companies having 70 percent of the equity.

We're just saying that anytime tax dollars are going to be put into projects, we should have equity for that. We should have a share in the profits of that company. That's the way we should be developing in the future. We just thought we'd emphasize those three points in this motion.

MR. CHAIRMAN: Recommendation 61. I recognize the Member for Calgary Mountain View.

MR. HAWKESWORTH: Mr. Chairman, this resolution deals with leases or agreements, partnerships, that might be entered into between the province of Alberta and private-sector companies in Kananaskis park. Those agreements, leases, or whatever would be made available to the public.

In part, Mr. Chairman, this motion was also the subject of a motion for a return that was accepted earlier in the legislative session this past summer, as it affected the agreements between the province and Ski Kananaskis. As was discussed yesterday, the lease for the Kananaskis golf course is already public information, made available to the Legislature by the former Minister of Recreation and Parks. This resolution would also be applicable in the case of Ribbon Creek development projects presently under construction in Kananaskis. It would also apply to other agreements that might come along for other developments in other parts of the park next year or in years to come.

Mr. Chairman, there have been significant public investments in that park. Concerns have been expressed to me by some people that the terms of those leases and partnerships may be such that they would enable certain private-sector corporations who enter into them to compete unfairly with others who are in the same industry but are located just outside the park or in other parts of the Rockies, particularly the ski operators. But there's no

way they can be sure of that unless they're satisfied that the leases that have been entered into with the province of Alberta put everybody on the same footing so that they can compete fairly. Those kinds of questions would be answered.

There's lots of public investment in there. The question is: does the public get a reasonable rate of return on its investments in Kananaskis park that are part of private-sector business activities? There's no way of being sure of that until those kinds of leases have been made public and can be subject to scrutiny and discussion.

Mr. Chairman, this resolution would make available to the public those leases, partnerships, agreements, and so on that are entered into by the two parties. Where public money is concerned, I think those kinds of agreements could well be made public and would be in keeping with generally accepted policies for public information. Where public money is being used and spent, that information should be made available to the public for public accountability.

MR. GOGO: I'd like the help of Mr. Bradley on this, Mr. Chairman. My recollection is that it has long been a policy of government that for parties to a contract with government, the information is only disclosed with the consent of both parties. That has long been a principle of the government. Motion after motion after motion for a return has indicated that response by the Government House Leader.

At the same time, though, Mr. Hawkesworth raised an excellent point; that is, when public funds are involved, is not the public entitled to know how those funds are spent? That's the whole purpose of the Public Accounts Committee of the Legislature. I guess my conundrum is: at what point do you divide the line? In other words, if all information from companies that do business with government is made public at the option only of government without the consent of the private parties, what does that do to the overall motivation for private groups to bid on projects, submit proposals, and so on?

Mr. Payne and Mr. Bradley have experience on Executive Council. I guess I'd like some confirmation to reaffirm what I think has been the policy; that is, not to release information without the consent of both parties.

MR. BRADLEY: Yesterday I commented on what the process was in terms of the alpine village. It's a similar process with regard to the ski facility at Kananaskis. The original intent was to see if a private-sector party was interested in financing, constructing, and owning a ski hill in Kananaskis. Proposals were called for, and people came forward with proposals in terms of site and what they would put into a package to develop a ski hill. No acceptable proposal came forward in terms of an owner-operator of a ski facility, so the decision was made that the government would build the facility itself and lease it to a private-sector operator. Again there were proposal calls for an operator to come forward. It was sort of like a tendering process: the successful party had to put in the best proposal. That's the basis on which that went forward.

In terms of the contractual agreements, the province has all sorts of lease agreements that are not made public as a matter of policy. The contractual arrangements are confidential between the two parties.

MR. McEACHERN: I would just argue that once signed, the contract, which the company is willing to put its name to knowing that it's government money, should be made public. It is public business, after all. The government of Alberta is the caretaker of the taxpayers' money. Once a company has been offered a particular deal, there is no reason . . . The negotiations, the background, and any reasons they do or don't accept things are private. That's okay. You don't expect the Treasurer or whoever is signing the contract on the government side to stand up and blab all the reasons and everything, except to explain why he arrived at the final position, of course, if he so chooses. But both he as a representative of the government and the company have to live with what they've decided to do, what they've signed their names to. That contractual agreement is something we should all have access to. I don't see any reason why not, and there are so many reasons for doing it that I find it very difficult to accept that a lot of that should be secret.

MR. HAWKESWORTH: I'll keep my comment very short. Yesterday I think we discussed some of the nuances of what ought and ought not to be part of a confidential contract in

terms of information on market and information that perhaps would be of benefit to a competitor that ought not to be released. But in terms of the policy and the principle, I can't imagine that there would be much opposition to the notion that public contracts entered into by a publicly elected government would not become public information. I think it's all part of the accountability for use of public funds. We ought to be promoting and upholding that as a principle or policy.

MR. CHAIRMAN: Thank you. Getting on then to recommendation 62.

MR. HAWKESWORTH: I think we agreed yesterday, Mr. Chairman, to discuss this with number 21, so I'd be prepared to carry on to 63.

MR. CHAIRMAN: Recommendation 63.

MR. GOGO: Chairman, can I speak to 62?

MR. CHAIRMAN: Sure, if you want to.

MR. GOGO: When Mr. Hawkesworth asked to adopt a policy to enhance the rate of return on its investments on Kananaskis park, I think we must look back as to why Kananaskis was created. It was created for Albertans, and there's a plaque sitting there signed by Mr. Lougheed that that's what it's for.

MR. R. SPEAKER: Lougheed Provincial Park.

MR. GOGO: It's attached and affixed to the golf club. That was to provide an alternative to citizens of Alberta who — I defy anybody from Edmonton, Alberta, who works for a living to get into Waterton National Park. Assuming you work for a living, it cannot be done, because there is no reservation system. You can't leave here on a weekend and get into that park. It cannot be done. Conversely, I question whether or not anybody from Lethbridge can get into Jasper National Park.

Recognizing that and recognizing the importance of recreation for Alberta families, Kananaskis was created. It was created for Albertans and their guests. I continue to hear that everybody wants a rate of return. Well, if they want a rate of return, get the bloody thing out of the section of the capital projects division and get it into the Alberta investment

division. That park was created under that section which provides not an economic return but a social benefit to Albertans. I get uptight when I hear of people saying we've got to get rates of 20 bucks a day to compete with the private sector and we've got to do this and that with public funds. That park was created for Albertans.

I would oppose any policy at all of advertising throughout the world and certainly throughout America and bringing movie stars in there to make this a utopia to help out tourism in this province. The net result is going to be that Albertans are not going to get into the park. If you start putting on a caveat whereby you must increase the investment return, which is not a principle at all of the capital projects division, then I think we're going to defeat that purpose.

Without some very extensive justification for 62, Mr. Chairman, I certainly would not support it.

MR. HERON: Mr. Chairman, I too do not support this recommendation in that it's clear that the capital projects division provides long-term economic or social benefit to Albertans. This project certainly falls within that scope. I feel that I have to point out that funds are appropriated annually by the Legislature after debate. I think Mr. Gogo spoke in terms of changing the return on the project and spoke against measuring the return in quantitative terms.

I'd like to mention how pleased I was to have had the opportunity to visit this facility for the first time as a member of this committee and in doing so have a greater appreciation of some of the returns to Albertans as a qualitative measurement. I say that recognizing that we have a facility covering some 1,600 square miles for the greatest appreciation for Alberta's wilderness, wildlife, and natural habitat that some 3 million people visited last year. They're expecting that this figure could go up to 4 million. Somewhere around 80 percent of those visitors were from Alberta.

As Mr. Gogo pointed out, it is a specific intent that this facility is for Albertans. When you look at the beautiful golf course, for example, which had 60,000 rounds of golf played last year, one of the questions I asked was: To what extent is this facility used by Albertans? I was given that somewhere around 80 percent of

the reservations were made by Albertans.

Again, when you look at the high registration in the campgrounds — some 3,000 campgrounds and some 75 picnic areas — all with a registration of around 80 percent Albertans, I think we've met some very, very good social goals and our return will be enhanced in the future immeasurably.

MR. NELSON: Mr. Chairman, certainly the government of Alberta has a tremendous investment in Kananaskis Country. I would question what kind of rate of return we are talking about. Are we talking about a rate of return of dollars and cents? Or are we talking about a rate of return for people to enhance their learning and living experiences?

Let's take some examples, one of them being Watson Lodge. It has a number of lodges. It has been expanded, and it's still not enough to enhance the learning and living experiences of those people who have a handicap or our senior citizens, who would not normally be able to experience many of the outdoor activities or the activities of a major recreational area that they are so able to now. What a tremendous experience for those people who are less fortunate and who may not be able to afford it because we wish to have a larger return on an investment; for those people who are able to take their horses, stable them in open stables, and put the tent up beside those stables and have an outdoor experience; for the people who wish to walk the trails, ride their bikes, and enjoy nature in its natural state without fear. I think we all took a tour on the bus this past fall and were able to enjoy many of the activities out there.

Also, where the private sector has been able to develop and to employ people with some return to the government on leases and various other things, where there is an individual who is building a little lodge there to set up breakfast and sleeping accommodation where people can go out in mixed groups and do a day of cross-country skiing or enjoy the atmosphere, that's the private sector at work with a return to the government.

Even the minister was here indicating the possibility of putting a dollar charge on people to collect \$3 million in revenues to enter the park, certainly a very minimal charge. But I have some concerns about that too, because as soon as you start enhancing rate of return,

you're going to develop a larger empire or bureaucracy to collect that return. The net result is that you achieve very little. The other thing is that you upset the community at large, because now they have to pay to go and enjoy their own natural resource, which is their public land.

Mr. Chairman, I would suggest that this particular area, to enhance the rate of return of the investment in Kananaskis park, would, number one, put a burden on many people who are able to enjoy the facilities of the park. It would certainly put a burden on them if they were not able to enjoy those facilities. Secondly, if it is suggested to further develop the park with buildings and other areas of commercial entities to retrieve an additional dollar from the public, that again I would not support, because I think it would be negative to the enhancement of the overall natural resource that is there, that has been developed in a controlled fashion by the managers of that park. I think they have done a superb job.

If it is to suggest that we further develop areas along the Powderface Trail to enhance additional overnight sites, where two more could be developed, certainly we could support something of that nature, because I think that will ultimately have to be done anyway to ensure that more Albertans are able to enjoy their natural resource in the park. That's a plug for the Powderface Trail.

Certainly to go out and suggest that we want to capitalize on the natural beauty of the park by asking Albertans to dig into their pockets for additional moneys or to build more buildings to take away from the natural resource that we have there — I think we would be out to lunch and would harm those people whom we wish to enjoy that park.

MR. GOGO: That was one of the best speeches you ever made, Stan.

MR. McEACHERN: Yes, it was a good speech, Stan. It nearly had me crying in sympathy, worrying about these people that use the park who might have to pay a nickel and also these poor private enterprisers who go down to the park and make a good honest buck for the government. I don't know that the government gets any money from the private enterprisers that are working in the park.



MR. NELSON: They pay taxes, income taxes.

MR. McEACHERN: Not yet.

MR. HAWKESWORTH: What about property tax?

MR. McEACHERN: We built the whole infrastructure for that park, and anything that looks like it might make money we turn over to the private sector so they can do that. Then we wonder why we don't have any money to run the park. Oh, we do have money to run the park. What we don't have is money for people that line up at food banks in this province. You've got your priorities all screwed up. You build a luxury park and then say that we've got to run it totally for free so that all the people of Alberta can use it. Okay, maybe we can. Maybe that's worth while to some extent, because it's nice to have a park, but we didn't have to do it for \$218 million. It was initially a \$40 million project. Even in a time of economic downturn we continued to put in white sand that we had to import from the Pacific or someplace.

MR. NELSON: Let's get the facts straight, Mr. Chairman. On a point of order.

MR. McEACHERN: Where did the sand come from?

MR. NELSON: Let's get the facts straight.

AN HON. MEMBER: British Columbia.

MR. McEACHERN: Okay, so it came from British Columbia. In any case, it was a lot more expensive than it would have been if you had used local sand.

MR. NELSON: On a point of order, Mr. Chairman.

MR. CHAIRMAN: On a point of order, the Chair recognizes the Member for Calgary McCall. What's your point, please?

MR. McEACHERN: I listened to your diatribe yesterday, and I don't see why I should . . .

MR. CHAIRMAN: Order please.

MR. NELSON: Mr. Chairman, if the member

wants to discuss the white sand and the facts of that sand, I think he should get those facts correct. If he wishes, I would be only too happy to do so for him.

MR. McEACHERN: Sure, some time after. The fact is that it was very expensive, and some of the cedar toilets that were built were \$10,000 apiece or some such ridiculous number. The fact is that we did not need to build such a luxury park in a time of economic downturn. This government was four years waking up to the fact that we were getting into economic difficulty in this country, and that park is a good symbol of that. I know it's a marvelous place; it's lovely. I toured it on one of the two days so I could see what was there. But it really bothered me that every time we turned around, the government had spent incredible amounts of money, and anytime there was anything that looked like it might make a bloody nickel, guess who was in there? Some private enterpriser was in there making the nickel.

MR. NELSON: Aw, isn't that too bad.

MR. McEACHERN: This government isn't going to get anything out of it. We're just going to keep on giving and giving to that park. If you had some sympathy for people that line up at food banks, I wouldn't mind so much, but I think you had this coming.

MR. HERON: Don't be deterred by facts, Alex.

MR. BRADLEY: Mr. Chairman, perhaps enough has been said, but I guess I'll get my two cents in too.

Just with regard to recommendations 61 and 62, the intent of the recommendations refers to "Kananaskis park." For clarification, does Mr. Hawkesworth mean Kananaskis Country, which is a large recreational area that has three provincial parks in it, or does he just mean what is now Peter Lougheed Provincial Park?

MR. HAWKESWORTH: It's related to all of those operations in the park that are related to capital projects, such as the ski hill, the resort, golf courses, and other facilities in which the province has invested capital dollars and for which charges are being made to the public.

MR. BRADLEY: So he is not talking about the park, because it is my understanding that there is only one facility within what was Kananaskis Provincial Park, which is now Peter Lougheed Park. The Boulton Creek campground concession is the only private-sector operation within Peter Lougheed Provincial Park, if my memory serves me correctly. When we get outside, into the Kananaskis Country . . .

MR. HAWKESWORTH: Well, "park" is not capitalized, so it's intended to refer to the whole area.

MR. BRADLEY: You're talking about the Kananaskis Country recreation area. Just for clarification, when you get outside there, the ski hill investment was not an investment of the Heritage Savings Trust Fund. Perhaps Mr. Payne can confirm that, but I believe it was Olympic funding by the province that built the ski hill.

MR. HAWKESWORTH: It doesn't refer to the fund; it's referring to a policy of the province of Alberta.

MR. BRADLEY: The mandate of the committee is in terms of the investments of the Heritage Savings Trust Fund. I'd just like to put that out.

Speaking to recommendation 62 in particular, "return on its investments," and then getting into Kananaskis Country, the largest percentage of the investment of capital dollars by the province in Kananaskis Country is in the road infrastructure. When Kananaskis Country was announced in 1977 and the figure of \$40 million was put out as being the cost of the development, it did not include the road cost. The figures have then gone up and escalated and looked in terms of increased costs. I believe the road part of that investment is somewhere between \$90 million and \$110 million.

We're looking at return on investment. I suppose, taking your recommendation . . .

MR. McEACHERN: Put a toll on the roads.

MR. BRADLEY: Exactly. Let's put a toll on the roads. There's where we would get a return on investment. We could charge a toll at the handicapped wheelchair facility, Mount Lorette fishponds. William Watson Lodge has already

been mentioned -- a return on investment there, the campground fees, et cetera. Those are the other infrastructure things that we've put in. Certainly they're there, and it would be very difficult, in my judgment, to make a return on those.

Mr. Gogo has expressed very well and has reflected my sentiment in terms of this being a facility which was built for Albertans, recognizing that those recreation demands were going to be there on the Eastern Slopes of the province. We wanted to provide an experience for all Albertans, whether they were handicapped or physically able, so they would be able to go out there and enjoy that experience, given the overcrowding in other facilities of a similar nature operated in the national parks.

I think we've relayed the history of those developments that are now under private-sector operation on lease agreements, et cetera. Some of them were originally looked at to see whether they were viable in the private sector. Those proposals were put out, and no proposal came back that was acceptable, so they are now leased out to private-sector operators. I think what we have here is a clash in philosophy. The members opposite would like to see all this run by the government . . .

MR. McEACHERN: No.

MR. BRADLEY: Well, the option was there. The proposals were put out for private-sector ownership and operation, and no proposals came back that could be accepted. So then proposals were put out to see whether a lease arrangement could be made on these facilities. I wouldn't want to see them operated by the government and have us in the management and operation of those facilities. I think that's a legitimate area where the private sector can be involved. Perhaps I've said enough.

MR. CHAIRMAN: The Member for Lacombe, followed by the Member for Calgary McCall, followed by the Member for Edmonton Kingsway.

AN HON. MEMBER: Followed by lunch.

MR. HAWKESWORTH: Have you put my name down there, Mr. Chairman?

MR. CHAIRMAN: Followed by the Member for

Calgary Mountain View.

MR. HAWKESWORTH: I had my hand up for a while. Anyway, carry on.

MR. R. MOORE: Mr. Chairman, the previous speaker covered an area that I wanted to bring up points on, and he covered it very well. However, I'd like to make a couple of comments.

It seems odd that the very party that had the very strong negative things to say about Kananaskis Country and why it was developed were recommending Kananaskis North in our last select committee recommendations. They sang the praises of Kananaskis Country, including the golf course. They're very consistent by being inconsistent. For two years they tore at the white sand which was brought up here and then brought in a recommendation that it was great for the north; the location was the part they apparently disagreed with. Now we have them tearing it down again.

The other comment I would like to make is that I would like to compliment Mr. Hawkesworth on his advocating capitalism. I never thought I'd see the day that Mr. Hawkesworth would be out here advocating capitalism, but as usual he's misguided in the application of it.

MR. HAWKESWORTH: Mr. Chairman, there have been a number of comments made around the table this morning that I'd like to respond to. First of all, this has to do with the matter of making public investments in Kananaskis park in areas where lease agreements or other kinds of agreements have now been entered into with private-sector companies. My question is: does the public get an adequate rate of return on those investments? Some have called that socialism. I thought that made good business sense. If any private-sector company makes an investment, they want to look at what is the rate of return on that investment. Does the public operate differently, that the same kinds of questions don't get raised or don't get questioned or talked about?

When you make an investment of how many millions of dollars -- and I'm not entirely sure whether it's \$10 million or \$12 million in terms of the Ribbon Creek development -- plus an agreement to pay three-quarters of a million dollars in the upcoming year towards the

operating budget of the resort association, I ask myself: what kind of rate of return is the government of Alberta getting on that? And the best I can determine is somewhere around \$4,200 a year. I ask myself if that is an adequate rate of return, in a business sense, for the investment made on behalf of the public, and I don't believe it is.

I look at what I know of the golf lease. Is 1 or 2 percent of gross revenues the same kind of thing that any private-sector company would enter into if it made a similar size of investment? I doubt it. What about things such as return on equity for water and sewer service? Those are things that we pay out of any water and sewer service rates in the city of Edmonton and the city of Calgary. Is part of those a rate of return to the public on those investments? Is that being realized in this particular case? I doubt it. We pay for roads under municipal governments through our property taxes. Are there any kinds of property taxes being charged to these particular developments to meet those kinds of costs? I doubt it. So I'm saying that the the government of Alberta ought to look at its lease agreements and adopt a policy to get some better rate of return on its investments than what it has been able to realize so far.

You look at ski operators in the national parks. Their lease agreements are intended to reflect what other people call property taxes. I understand that in addition to that they also pay school taxes on their land leases in the national parks. Is the same thing being done in Kananaskis Country? I doubt it.

At the same time, as I understand the announcements or the comments made in speeches by various ministers in the last month or two, the government is being forced to look at reducing dollars to school boards, to start charging for aids to -- one of the members talked about how the Watson Lodge is available to people who are handicapped. That's great. But at the same time, the minister is now considering charging for such basic aids as wheelchairs for disabled people in this province. We've just seen some increase in charges to senior citizens in nursing homes and auxiliary hospitals, with perhaps more to come.

Then I see that there's absolutely no rate of return that's equivalent to a public investment that's been made in Kananaskis park, and I ask myself: why not? If we're looking at all these

other reductions of services or increase of dollars to the citizens of Alberta in these other areas, why ignore what is a potential in Kananaskis park? I don't think it's going to take any more bureaucracy to collect lease money. You have some bureaucracy set up already to receive or to collect \$4,200 for one of the resort hotels. It's not going to take any more of a bureaucracy if you had a better lease agreement that generated more money back to the province of Alberta.

MR. CHERRY: Mr. Chairman, I think it's pretty well all been said, and it's getting close to noon. But I don't agree with the remarks of my hon. colleague that we should get a big return in the park. I think it's for Albertans, and it's basically one of the small things that all Albertans can enjoy.

With that, I move we adjourn.

MR. CHAIRMAN: Perhaps before we adjourn we can conclude the debate on this matter. I recognize the Member for Calgary McCall followed by the Member for Edmonton Kingsway.

MR. NELSON: Mr. Chairman, I was going to ask the members some questions, but it might be fruitless, considering that I don't think they can see the forest for the trees. So we'll just complete the matter at the earliest possible opportunity.

MR. McEACHERN: Just very quickly. The park is very nice, and it's nice to have parks. We would like to see a park in the north, but perhaps not so luxurious. It's very hard. You talk about Albertans being able to use it, but I have a lot of people in my riding in the centre of Edmonton that will never get down there, that are lined up at food banks and struggling along trying to make it on welfare. We build a nice facility for the handicapped and then turn around and tell people, "We won't pay for a wheelchair for you." It's there, and I guess I just had to say those things.

MR. BRADLEY: I just want to leave with the committee that all the private-sector operated facilities in Kananaskis Country in terms of the lease arrangements were put out to the private sector for a proposal call. Everyone in the private sector had an opportunity to put in a

proposal on it if they so wished. There was an opportunity for people to put forward the best proposal possible.

MR. CHAIRMAN: Before we adjourn this morning's session, I want to thank the Member for Lethbridge West for reintroducing motion 62. To think that we could have missed out on all this healthy debate.

We'll reconvene at 2 o'clock.

MR. GOGO: Mr. Chairman, just before we adjourn, dealing with motion 55, the Member for Stony Plain and the Member for Calgary McCall had mentioned this. It deals with the Charles S. Noble Scholarships. If I could just read it into the record, members could consider it and save bringing it back on voting day.

This is the program for postsecondary institutions dealing with the question of leadership, and the amendment was made by me to make it a \$500 one. I just want to mention that last year for student leadership -- for which there was no monetary award, only a token in terms of a plaque and so on -- there were 72 awarded. There were six hockey scholarships awarded at \$650 each, and for the student at Harvard there were two \$10,000 awards. But at the same time, for the Jimmie Condon Athletic Scholarship, which was as high as \$1,000 and a minimum of \$500, there were 1,243 awards. So considering the numbers, 72 for the leadership question, it's frankly just peanuts at \$500.

MR. CHAIRMAN: Thank you. We stand adjourned until 2 p.m.

[The committee adjourned at 11:55 a.m.]