

[Deputy Chairman: Mr. Hyland]

[2:02 p.m.]

MR. DEPUTY CHAIRMAN: We'll call the meeting to order. The chairman won't be here this afternoon, so I'll chair the meeting. I believe the intention of the meeting should be to read the remaining recommendations into the record and then to debate those which haven't been debated yet. There are a couple of members -- the Member for Pincher Creek-Crowsnest and the Member for Calgary-Buffalo -- who aren't here and who submitted recommendations. Other members are going to read those into the record if that's acceptable.

Maybe before we get started, we should have a clarification. I'm just trying to read *Hansard* at the same time. It was my understanding that we meet this afternoon and not tomorrow and meet all day Thursday. Now, I think we have a difference of opinion on that, and we had better get that ironed out. I thought tomorrow was a reading day and Thursday all day was a meeting and Friday morning was a meeting.

MR. GOGO: Mr. Chairman, I don't know why, but I felt that tomorrow we were having the medical foundation. I made a note of that, Mr. Chairman.

MR. R. SPEAKER: I did too.

MR. GOGO: And Mr. Speaker as well. So it would be very important, Mr. Chairman, if they are ready to come, that we either be prepared to accept them or perhaps notify them within the hour as to what the committee's plans are.

MR. HERON: Mr. Chairman, it was my recollection that the latest decision was that we would forgo for the time being the chance of having the medical foundation, that we would declare tomorrow a reading day to allow committee members to research some of the recommendations and prepare for a debate on some of them, but that we would go at our agenda on Thursday, all day if necessary, and on Friday morning. I believe those were the latest plans, but I agree with the hon. Member for Lethbridge-West that we should notify in any event, as a courtesy, the people from the medical foundation as soon as possible.

MR. McEACHERN: Mr. Chairman, my feeling is that if the medical foundation people can come, we should do that tomorrow. It would be nice to have a reading day, there's no doubt, because we'll have a lot of recommendations to look at once today's readings are done. But if they can come, we'd best get on with it.

I'd remind the Chair that we have a couple of other people that promised to come back. The Minister of the Environment and the Treasurer both said they would be glad to come back, and we certainly have more questions for them. So I don't think we can afford to postpone anybody. If they can come tomorrow, let's take them and move on.

MR. NELSON: Mr. Chairman, for Wednesday, the 20th, I have in my book: a.m., reading, Heritage Savings Trust Fund. I have had no indication of any change to that. I will not be here tomorrow morning to facilitate any change in that, as I've already indicated. It was my understanding that we dealt with this in the manner that we would meet today, again on the 21st to accommodate many members, and again on Friday, the 22nd, in the morning. I will not be here again either, because of a commit-

ment in Calgary. So I don't see any reason to change the 20th for those of us who understood it was not a day to be sitting but a day to be reading or otherwise, when we can't be here to listen to further evidence. So I think we'd better flow along with the agenda here that I think we already agreed to.

MR. DEPUTY CHAIRMAN: Little Bow, did you . . .

MR. R. SPEAKER: I think Mr. Gogo and I would just like to have it clarified more than anything, and if that's the consensus just expressed, then they should be notified, and we'd make it a reading day tomorrow.

MR. R. MOORE: It was my understanding that we meet today, a reading day tomorrow, both a.m. and p.m. Thursday, and Friday a.m. Mr. Chairman, because of that understanding I've arranged to meet all day tomorrow with my researchers to go over these recommendations. I feel that was our decision and that we should stand by it and that if there was some misunderstanding with the medical people, they be notified immediately that it'll be a reading day tomorrow and we won't be meeting with them.

MR. DEPUTY CHAIRMAN: I wonder if somebody would like to make a motion, and we'll get it settled.

MR. R. MOORE: I'll make a motion on that.

MR. DEPUTY CHAIRMAN: The motion will be . . .

MR. R. MOORE: That tomorrow will be a reading day, and we'll meet on Thursday morning, Thursday afternoon, and Friday a.m. if necessary.

MR. DEPUTY CHAIRMAN: As soon as we get the motion and get our stuff under way, Mrs. Quinn will call them and let us know if they can change it.

MR. HAWKESWORTH: I don't have any particular difficulties with the motion as put, Mr. Chairman. I was just curious if there was some place in *Hansard* that we could reference that might help us clarify what had previously been decided. I don't know whether there was a previous resolution on this matter or not.

MR. DEPUTY CHAIRMAN: There seems to be, but everybody seemed to have a different understanding in their minds. But on January 13 the Chairman noted that "we do have confirmation of the Alberta Heritage Medical Research Foundation returning on . . . January 20, at 10 a.m.," and there's some notation on page 203 of the January 12 meeting as well. Nevertheless, we have a motion on the floor. I guess we'll have to deal with it.

MR. HAWKESWORTH: It seems that perhaps Mr. Chairman was exercising his prerogative in trying to keep our meetings running as efficiently as possible and probably undertook to confirm that then, and perhaps that's where some of the confusion may have arisen. I think he should be commended for having taken the prerogative to try and make these arrangements on behalf of the committee. But as I said earlier, I have no particular objection to the motion as put.

MR. DEPUTY CHAIRMAN: Lac La Biche-McMurray.

MR. PIQUETTE: Athabasca-Lac La Biche. I just wanted to check: did anybody check with the chairman of the committee to see if the arrangement for the appearance of the medical research director would not, you know, create some problems by rescheduling? Has that been checked out at all?

MR. DEPUTY CHAIRMAN: No, that's why I said that we'll have to phone and find out if we can still reschedule it.

MR. McEACHERN: While we're on that topic, perhaps I could just mention that we did have two other ministers that were willing to come back. I guess what also flows from that is that while today would see the bulk of the recommendations in, there may be a few straggling in later as we get to meet these other groups, these other ministers.

MR. DEPUTY CHAIRMAN: I haven't talked to the chairman about that, either today or yesterday, but I'll either get ahold of him today or contact these people myself this afternoon so that when we're back on Thursday morning we'll know for sure what's going to happen.

Call for the question. All those in favour of the motion. Opposed? It's carried.

MR. McEACHERN: Mr. Chairman, perhaps before we leave that topic totally, I should point out that, you know, by postponing tomorrow's possible meeting with the medical endowment foundation, we may be backlogging a little bit of difficulty, because next week our party is away in Calgary for three days -- Tuesday, Wednesday, and Thursday -- which is going to make it a little tight to start moving into the next week.

MR. DEPUTY CHAIRMAN: Okay. I suppose our other option, if it looks like we're moving on one of those other days that we've allowed this week, is that if we have to extend it by 15 or 20 minutes to accomplish something, we have that flexibility.

Reading recommendations into the record: maybe we could start with the Member for Lacombe.

MR. R. MOORE: Thanks, Mr. Chairman. On behalf of the Member for Calgary-Buffalo, I'd like to read eight resolutions into the record. First of all,

That a major review be made of the future direction of the Alberta Heritage Savings Trust Fund and that, as part of this review, public hearings be held to provide the dual function of obtaining broad input in educating the public with respect to the fund.

Secondly,

That in accordance with the recommendation of the Auditor General, such steps as are necessary be taken to remove the deemed assets and deemed equity represented by deemed assets from the balance sheet of the Alberta Heritage Savings Trust Fund.

Number 3,

That ministers and others appearing before the committee provide a written report with respect to their areas of Alberta Heritage Savings Trust Fund responsibility, at least seven days prior to their appearance before the committee.

Number 4,

That any future investments made by the Alberta investment division in oil sands development or any other projects, such as heavy oil upgraders, be made on an equity basis similar to the

Syncrude investments so that the fund benefits to a degree commensurate with the risk.

Number 5,

That all loans to Crown corporations be reviewed in order to ensure that the income of the Heritage Savings Trust Fund is not overstated and the Crown corporation to be allowed to redeem high-interest debentures purchased from the fund.

MR. DEPUTY CHAIRMAN: Just a question to committee members. I wonder if the system that we've used for debating, perhaps -- I'm open for suggestions. Maybe five resolutions in a row keeps a member on his feet, or debating, for quite a while. Do you think it would be better if we interspersed others with it? I'm open to suggestions.

MR. PIQUETTE: I think we should alternate.

MR. R. SPEAKER: Mr. Chairman, I'd suggest that he finish reading them and then let Ann kind of move them around after. Can you do that?

MR. McEACHERN: They don't have to go in order anyway.

MR. DEPUTY CHAIRMAN: Okay.

MR. R. MOORE: Mr. Chairman, do I continue? Number 6,

That the Alberta Mortgage and Housing Corporation's annual reports and annual reports of other Crown corporations should more clearly reflect the net realizable value of loans and assets and that independent auditors be retained without delay to provide a report to the committee on this matter.

Number 7,

That the fair market value of the assets of the Alberta Heritage Savings Trust Fund be reported in its annual report.

Number 8,

That all investment and expenditure decisions made by the investment committee, Executive Council, be reviewed by the Legislative Assembly.

MR. DEPUTY CHAIRMAN: Okay. Lethbridge-West, I think, has got the remainder.

MR. GOGO: Thank you, Mr. Chairman. On behalf of the hon. Member for Calgary-Buffalo, I would read into the record recommendations beginning with number 9, and I quote.

That economic diversification should be re-established as one of the primary objectives of the Alberta Heritage Savings Trust Fund.

Number 10,

That

- (1) an economic diversification fund should be created whose mandate it would be to make debt and equity investments in an effort to actively encourage the creation of new businesses in Alberta;
- (2) the economic diversification fund be administered by an economic diversification board whose role it would be to advise the Legislative Assembly on a strategy to promote economic diversification in Alberta and to manage the moneys assigned to the economic diversification fund by the Legislative Assembly.

Eleven,

That

- (1) the Alberta income fund should be created by pulling together the income earning assets of the Alberta Heritage Savings Trust Fund;
- (2) the Alberta income fund would integrate the income earning investments and assets currently part of the commercial investment division, the Canada investment divi-

sion, the energy investment division, deposit and marketable securities, and the Alberta investment division;

- (3) an income fund investment board will be established whose role it will be to manage the Alberta income fund to maximize return on the investment;
- (4) the Alberta income fund should be managed by private firms within Alberta to encourage the development of management expertise in Alberta's investment management industry;
- (5) private sector investment firms would each be allocated a portion of the moneys included in the Alberta income fund and would manage their portfolios of funds on a competitive basis.

Recommendation 12:

That the Auditor General should have his mandate extended so that the value for money issues relating to the Alberta Heritage Savings Trust Fund can be investigated by the Auditor General.

MR. DEPUTY CHAIRMAN: Little-Bow.

MR. R. SPEAKER: Mr. Chairman, there's a memo that's been passed around. After Mr. Gogo made his comments on my resolution the other day, I thought the wording should be changed but not the intent of my resolution changed. So I would like to recommend that, as you look at resolution 12 in our list, the (a) part be struck out and the (a) I've suggested in this change of wording be inserted. The insertion would read:

The government shall not sell, liquidate, or otherwise realize any assets of the fund and transfer the proceeds of such a sale, liquidation, or realization to general revenues in order to balance the budget, or for any other purpose.

Then the (b) as I have it before would be the same.

MR. DEPUTY CHAIRMAN: Okay, so that's the removal of 12 and an insertory change in wording but not intent.

Okay. Member for Ponoka-Rimbey.

MR. JONSON: Mr. Chairman, on behalf of the Member for Pincher Creek-Crowsnest, I would like to read into the record the following recommendations:

1. That the commercial investment division ceiling on maximum investment be increased to 10 percent of the Heritage Savings Trust Fund.
2. That up to 25 percent of the commercial investment division of the Heritage Savings Trust Fund be invested in foreign equities and bonds.
3. That the capital projects division ceiling on maximum investment be increased by 1 percent to 21 percent of the Heritage Savings Trust Fund in order to fund currently approved projects to their completion.
4. That the capital projects division support investment to implement the intergovernmental secretariat report on western coal to support research and development and other initiatives to reduce the cost of transporting coal and thus improve markets for Alberta coal in Ontario and offshore markets.

Where are my reading glasses?

MR. DEPUTY CHAIRMAN: The second page is a repeat of the first page. Okay. The Member for Lloydminster. [interjection] Then it was Lacombe.

MR. CHERRY: Mr. Chairman, Alzheimer's might be stepping in and . . .

MR. DEPUTY CHAIRMAN: I guess it was the Member for Lacombe that was waving his hand, rather than . . .

MR. R. MOORE: Just on clarification, Mr. Chairman. On a previous resolution as read in by the Member for Little Bow, he has an (a) and (b) of one resolution, and actually it's two resolutions in one. So that we know how we will treat this resolution, is it his intent to debate these as separate resolutions or vote on them as one?

MR. R. SPEAKER: It is as one. In other words, the first part says don't touch the base of the fund, and the second one says that we should try, if at all possible, to keep some earnings in the fund but we should seek ways of retaining those earnings as early as possible. So I would see the two of them being debated at the same time, voted on in total.

AN HON. MEMBER: They both concern retaining.

MR. R. SPEAKER: Right.

MR. R. MOORE: Mr. Chairman, you can't agree with one and disagree with the other.

MR. R. SPEAKER: Can we move amendments at that point in time? Like someone, can you . . .

MR. DEPUTY CHAIRMAN: I would assume so. We have before. We've split resolutions and/or put them together if we thought they would pass.

Okay, so Edmonton-Kingsway has had his . . . Lac La Biche-McMurray. Sorry, member, I did it again; I'm one session too late. Athabasca-Lac La Biche.

MR. PIQUETTE: I do come from that part of the country but . . . Okay, my recommendation is:

That under the capital projects division of the Alberta Heritage Savings Trust Fund a \$75 million capital fund be set up for an Alberta North tourism recreation and development program. This capital project would fund diverse thematic, historical, cultural, and recreational parks and projects in order to expand and diversify tourism in northern Alberta.

My second recommendation today:

That an individual whose land has been acquired by the Alberta Agricultural Development Corporation through foreclosure or quitclaim have the right of first refusal in respect of his former home quarter section in the event that the same is offered for lease or disposal to the public by AADC.

My third recommendation:

That the land reclamation project be changed to the land and water bodies reclamation project so that it continues to reclaim land not governed at the time of disturbance by the Land Surface Conservation and Reclamation Act. In addition, that moneys be made available for research and reclamation of bodies of water that have been adversely affected by man-made pollution where no individual or corporation can be clearly held responsible.

MR. DEPUTY CHAIRMAN: In doing that I would assume, then, that the way these recommendations will be listed is as they are in the paper and not as they're debated. Does it matter? Either way. Okay.

Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. My first resolution I'd like to introduce this afternoon is:

That the investment committee of the heritage trust fund (cabinet) do whatever is necessary to require the return of \$150 million of the \$200 million Vencap Equities Ltd. loan.

Second resolution:

That the investment committee of the heritage trust fund (cabinet) take the necessary steps to turn Vencap Equities Ltd. into a Crown corporation, making the Minister of Economic Development and Trade responsible to the Legislative Assembly for that corporation and redefining its purpose as originally intended, that being to diversify the Alberta economy and create jobs.

The third resolution I'd like to submit this afternoon is:

That the mandate of the Auditor General be expanded to include suggestions for policy changes which he could make to improve government efficiency and accuracy of reporting to the people of Alberta.

I have yet two more, Mr. Chairman.

That the occupational health and safety research selection committee encourage a study of the extent to which Alberta office workers may be subject to indoor air pollution related health problems.

Finally, Mr. Chairman:

That the provincial government renew and fulfill its commitment to solar/wind energy research as approved by the Legislature in the 1986-87 estimates of proposed investments for the capital projects division.

Thank you.

MR. DEPUTY CHAIRMAN: Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Chairman. I would like to, before reading mine into the record, make a little bit of a preamble. We looked at the fact that last year a large number of recommendations were made -- and there have been some made again this year -- that the government should do a detailed study of the fund and hold public hearings and all that sort of thing.

MR. HERON: Point of order, Mr. Chairman. In the interests of efficiency in expediting the entry of these recommendations, it was agreed that we weren't going to have a preamble, that we were going to read our recommendations into the record and then debate them in order. So I would ask for the co-operation of all members that we can be treated equally in reading these into the record.

MR. McEACHERN: That is not the case. In previous days -- just because nobody chose to do it today, in many cases people weren't reading their own recommendations -- a few words of preamble were allowed to set the stage for what the recommendations were about. I will be very brief, and I'm not intending to make all the arguments I will make when we debate them.

MR. GOGO: Mr. Chairman, I think the hon. member is semi-accurate. I believe Chairman Oldring had said that a member, in reading the recommendation in, may make some additional comments regarding the motion. So I agree with both hon. members. I would think, though, that reading of the recommendation should come first, followed by a short explanation.

MR. McEACHERN: Okay. It doesn't matter much, I guess, which way we do that.

My first recommendation today is:

That the heritage trust fund investment committee -- that is, the cabinet -- submit each year to the Legislative Assembly a plan outlining in general and in detail its intentions for the Alberta Heritage Savings Trust Fund for the coming year. This plan should be similar to the general revenue budget plan in format and should be debated and approved in a similar manner.

My second recommendation is:

That the Treasurer provide quarterly statements of all investments under the commercial investment division, schedule 5. Those details should include the date and price of purchase and all sales of securities as well as the market value of those retained.

My third recommendation:

That the Provincial Treasurer supply detailed quarterly statements for the cash and marketable securities section of the fund in a manner similar to that for the commercial investment division.

My fourth one, I believe I'm on:

That under the Alberta investment division the Auditor, under the authority of the appropriate minister, provide detailed information on the five Crown corporations in a manner similar to public accounts for general revenue expenditures. The minister and Auditor should then appear together before the standing committee, as needed, to answer questions about those corporations.

Five:

That the Treasurer provide for the committee quarterly detailed statements of investments and disbursements from the Alberta Heritage Foundation for Medical Research similar to the schedule 5 statements for the commercial investment division of the Alberta Heritage Savings Trust Fund.

Six:

That the Treasurer provide quarterly statements of investments and disbursements from the Alberta Heritage Scholarship Fund similar to the schedule 5 statements for the commercial investment division of the Alberta Heritage Savings Trust Fund.

Now, back to a couple of specific comments. The comment about the Crown corporation, recommendation 4 that I just read: there was a similar recommendation made by the Auditor General in the past on that, so it's modeled on his idea. The references to schedule 5 as a model refer to the second recommendation I made, where I suggest that schedule 5 should really be improved over its present format into quarterly statements and including date and price of purchase, which it does not do at this stage. So I'm talking about the improved schedule 5, not schedule 5 as it now exists.

To just put in context those recommendations, as I said, last year we and a number of other people put in a lot of recommendations suggesting quite a few changes to the structure of the heritage trust fund, after, of course, a full public hearing kind of thing and analysis and review of the fund. This year we sort of came to the conclusion that instead of beating on a dead horse, because obviously the government was not willing to review the fund and was not willing to hold public hearings and was not willing to change the format, we decided that our recommendations would be along a different line. One, some positive uses of the fund as it presently exists. There is still some money there; there are still some things that can be done. I think you can look particularly at the recommendations put forward by the Member for Athabasca-Lac La Biche in that light. We chose to suggest some changes to Vencap. But this series that I just read in is a way for this committee to get a real hold on what's happening with the fund as it presently is. If the government isn't going to change the format, then at least they will have to explain to us what they intend to do with it, in the first resolution I read, and in the following resolutions they will have to give us a great deal of detail about what they are doing with it.

I will stop there. Mr. Chairman, I wonder if I could ask the indulgence of the members for Calgary-Mountain View and Edmonton-Kingsway. It would seem to me that in putting in resolutions, this committee should as far as possible see that they're done in accordance with the statutes. For example, on number 3 on his sheet Mr. Hawkesworth says "the investment

committee of the heritage trust fund (cabinet)." I'm just quoting from the Act, section 3; it's referred to as "the 'Heritage Savings Trust Fund Investment Committee'" -- and then if he wishes to, I think, "(Executive Council)." I think that's important to our credibility as a caucus, as a group here -- not the government caucus; I'm talking about the committee.

The second point, Mr. Chairman, is to deal with Edmonton-Kingsway on number 7 that he read into the record. I'm sure he means "Auditor General" as opposed to "Auditor." So could that be changed to "Auditor General" or "Auditor General of Alberta"? I think that would be more appropriate.

MR. McEACHERN: Change "Auditor" to "Auditor General of Alberta"?

MR. GOGO: Well, at least "Auditor General." Would the member agree with that? I think that would be important. Perhaps Mrs. Quinn could do some editing based on that.

MR. DEPUTY CHAIRMAN: And get agreement then by both members that those corrections be put in from Edmonton-Kingsway and Calgary-Mountain View?

AN HON. MEMBER: Agreed.

MR. DEPUTY CHAIRMAN: Okay. Calgary-McCall.

MR. NELSON: Thank you. Mr. Chairman, I won't get into any preamble on this. We'll wait till the time for debate. The resolution is:

That the committee request the minister responsible for the Alberta Mortgage and Housing Corporation to undertake a complete and thorough examination of the Alberta Mortgage and Housing Corporation. It is recommended that this examination would be made by an independent committee comprised of three MLAs, one as chairman, and four people from the community at large.

MR. DEPUTY CHAIRMAN: Do you, Member for Calgary-McCall, have copies of your . . . Okay. So this is an oral notice of a motion that's come in. So we can assume you'll get that to us as soon as possible so Mrs. Quinn can put it in the package that'll go out late this afternoon or early tomorrow morning. This afternoon or tomorrow morning?

MRS. QUINN: Tomorrow morning.

MR. DEPUTY CHAIRMAN: Tomorrow morning. Okay.

MR. GOGO: Mr. Chairman, being as I was really anticipating the Member for Calgary-McCall distributing it, I wonder if he could repeat his motion. I wasn't listening closely. I apologize. I'm well aware of who it concerns.

MR. NELSON: You're positive?

That the committee request the minister responsible for the Alberta Mortgage and Housing Corporation to undertake a complete and thorough examination of the Alberta Mortgage and Housing Corporation. It is recommended that this examination would be made by an independent committee comprised of three MLAs, one as chairman, and four people from the community at large.

MR. DEPUTY CHAIRMAN: Are there any further recommendations to come forward? So I could assume then that that's the

sum total of our recommendations, barring reappearances: the need that a committee member may feel he has towards recommending an additional recommendation. But as far as that, the recommendations should all be in, which, if my addition is right, gives us 51 recommendations this year.

So we should now go to debating . . .

MR. GOGO: Mr. Chairman, has that been recommended in the minutes, that today, this day . . .

MR. DEPUTY CHAIRMAN: I believe it was discussed last week, Member for Lethbridge-West. There was general agreement that this was the deadline, with the exception that if any of the people we've had on recall come and if something comes up, somebody would have the opportunity of putting a resolution in. So it really isn't a total deadline but a deadline for the most part.

MR. GOGO: I don't want to sound finicky, Mr. Chairman, but by today do we mean 4 o'clock today? I'm just curious. If a member wants to bring one in in 10 minutes or 15 minutes, is that allowable?

MR. DEPUTY CHAIRMAN: I would suggest by the end of the meeting. There's no reason -- I don't see why it couldn't be, if one comes in -- that it couldn't be read in orally like the Member for Calgary-McCall did.

Edmonton-Kingsway.

MR. McEACHERN: Mr. Chairman, we agreed to this being the date on which we would get the bulk of our recommendations in. But because there's going to be a few people coming back, obviously there'll be a few areas in which one should be allowed, and I would be rather upset if somebody had a recommendation that was a good one and the chairman ruled it out of order. Basically, the idea was to get the bulk of them in today so that we wouldn't have a lot to do too far down the road, I think, more so than saying somehow, "That one's out of order." It would be unfortunate if this committee boxed itself into some kind of straitjacket that it couldn't get out of and would want to get out of, I thought was the tenor of our discussion the other day.

MR. DEPUTY CHAIRMAN: Okay. We'll go on now with debate on the recommendations as previously read into the record. I wonder if, even though we've debated number 12, there's anything further the Member for Little Bow wants to add, being as we're dealing with different wording.

MR. R. SPEAKER: No, Mr. Chairman. What I said the other day applies to it as I've changed it.

MR. DEPUTY CHAIRMAN: Okay.

Lacombe, did you have your hand up to talk on, or I thought you were indicating you wanted to make some comment on resolution 12 as it's presently worded.

MR. R. MOORE: The one that was amended?

MR. DEPUTY CHAIRMAN: Right.

MR. R. MOORE: No. Where are we at?

MR. DEPUTY CHAIRMAN: The one by Mr. Speaker that has already been read, but I opened it up for the opportunity . . .

MR. R. MOORE: The one that was amended this morning?

MR. DEPUTY CHAIRMAN: Yeah. The amendment was made this morning. The original motion was in, but the amendment was made this morning.

MR. R. MOORE: I just wanted to debate it as two resolutions, on that basis: that we consider and vote on it as two resolutions rather than one. That was my concern. I can see, Mr. Chairman, that you could be in favour of one and disagree with the other. To lump them together may cause it to fail, when a portion of it may pass.

MR. DEPUTY CHAIRMAN: Perhaps the Member for Lacombe and the Member for Little Bow would get together when it comes up again on our next debate on it, and a decision can be made there how we deal with it. Is that agreeable? Okay.

Number 13. Athabasca-Lac La Biche -- I got the constituency right this time.

MR. PIQUETTE: Okay. Are we going to be debating that right now?

MR. DEPUTY CHAIRMAN: Yes.

MR. PIQUETTE: Well, I want to speak on behalf of this motion to basically make the point that the Alberta heritage foundation for research into social sciences and humanities would be a good endowment fund to support because of the fact that, you know, one of the aspects we need to develop further in Alberta is more research and development and expertise in order to diversify our economy.

The thing about an endowment fund is that we are not spending the capital part of that budget. That capital stays in the investment division. It accumulates interest through investment, and only a certain percentage of the interest is used to fund required expenditure relating to -- here -- the research and development part of the investment. And so what we have here is a continuation of an increase in the capital base of the Alberta heritage trust fund, but providing about a \$5 million to \$8 million pool of money which will be available to the universities to fund important research in the social sciences and humanities in order to retain professional people that spend many years at university developing this expertise, so that they can remain in Alberta, develop their specific department they have perhaps done their thesis or their research on, so that we can retain these people here in Alberta.

When I go back -- for example, the Alberta Heritage Foundation for Medical Research has, I think, been very important in terms of being a magnet for the whole development of medical research in Alberta in terms of attracting and retaining many of our professionals who have been educated here in Alberta. What we don't have, however, because of an erosion of funding in terms of university budgets in the last few years, is a similar type of research and development in the social sciences and humanities, where many of our very key professors, people that have developed expertise in these areas, have not been able to acquire grants to further their research and development of those departments. In terms of developing a quality educational sys-

tem in Alberta, it's very, very important that the people we educate here in Alberta have a chance to remain here if they want to further their education or further their research into those areas of intellectual pursuit.

So I feel it's very worth while. It's been recommended by many of the universities' faculties. They feel that there is a lack of research and development funding being made available now to the universities, and it would guarantee the universities a pool of money, an annual budget to work with, where they know it's not going to be at the whim of the provincial government to eliminate or to be cut out because of underfunding of the university spending.

So it's very important that the government of Alberta, using the Alberta heritage foundation or the Alberta heritage trust fund, develop a very futuristic type of diversification in terms of how that money would be spent; that it not just be used on capital-type projects which, after they are built, can very quickly, over a few years, deteriorate to the point where that investment is no longer a very visible investment. Investment in education is something which is going to be remaining in this province and can grow and accumulate that knowledge in order to further Alberta as a place where education is considered to be a very important part of economic diversification through the building on of our educational type of research, and that this pool of people remain here in Alberta.

MR. DEPUTY CHAIRMAN: Member for Lethbridge-West.

MR. GOGO: Thank you, Mr. Chairman. I am very sympathetic to the motion by the hon. Member for Athabasca-Lac La Biche, but I would like to make the following comments. Several years ago the hon. Member for Calgary-Currie, the present Minister of Municipal Affairs, attempted to establish an institute known as the institute on family, recognizing the dramatic increase in the rate of divorce, marital breakup in general, and so on. I supported him in that. That didn't come to be; the private Bill died.

Then last year, Mr. Chairman, recommendation 14 of this committee made a recommendation known as the social sciences research foundation. This committee made that recommendation, dealing with areas such as alcoholism, aging, pain control, palliative care, and so on. That didn't fly, and that was to be modeled as well on the model of the Foundation for Medical Research. That didn't fly for reasons given in that report by the government.

When we look at Mr. Piquette's motion now, the first thing that comes to mind is: we want \$100 million of the capital projects division. And looking at the annual report, Mr. Chairman, I don't know, because we have some conflicting motions. I suppose I need some advice here, but 20 percent of the heritage fund deals with the fund being altered, or raised from the capital projects division. I don't know how; we've capped the fund.

I'm supportive of Mr. Speaker's motion to maintain the integrity of the fund. As hon. members know, I insisted last year -- that was the motion last year, and it failed -- that we should at least, since it was capped, put enough into the fund to maintain itself, to counteract inflation -- some \$700 million a year -- which we're not doing.

So in my view, the fund is shrinking unless we take some action in that area. So I have some difficulty, even though I'm sympathetic to Mr. Piquette's motion, how we would find \$100 million to establish another foundation. But having said that, I'm very sympathetic to the intent of what he's after. I simply don't know where on earth the money would ever come from.

Thank you.

MR. PIQUETTE: I'd like to perhaps just clarify that. Looking at recommendation 15, I think it will answer . . .

MR. DEPUTY CHAIRMAN: I wonder if you can wait -- maybe wind up the debate rather than in the middle of it, because the Member for Edmonton-Kingsway has indicated he wishes to speak on it too.

MR. McEACHERN: Thank you, Mr. Chairman. While it's true that the capital projects division does have a capital of 20 percent on it at this time, that is not written in stone. We do have a recommendation which we put forward suggesting that the 20 percent be raised to 22 percent. The heritage trust fund has a certain amount of money in it. Yes, if we're not putting any new money in and if we're taking all the earnings out, it will erode because of inflation. However, within the fund there is a lot of money, and in fact right now it has quite a lot of liquidity: over \$1 billion in the cash and marketable securities section. Actually, there's nearly \$3 billion in that section, but \$1.6 billion of it is being used for the farm credit stability program and the Small Business Term Assistance Fund. And that is money that's being spent. That's out of the cash and marketable securities section, so it isn't counted as part of the 20 percent in the capital projects division.

I guess what we're saying here in a way is that we're willing to work within the framework of the heritage trust fund as it now is, and if a need of a 2 percent change is going to make it so that we can do some things with that fund while it still has a certain base of money available to do some diversification things, then that's what we're suggesting be done. I don't see that anybody has brought forward any other ideas of how some of that cash in the marketable securities section might be used in a very positive way. Right now it's probably invested mainly in bonds and T-bills and that sort of thing, other than that part which, as I said, is in the farm and small business programs.

So the money is there. It's a matter of: where do we direct it? And it is true that we're talking about spending it, at least in the initial stages, but in the long term it would pay considerable dividends to this province. So we don't think it's a project that can't be funded; we do think it's a project that should be funded.

MR. DEPUTY CHAIRMAN: Are there any further . . .
Calgary-Mountain View.

MR. HAWKESWORTH: Just one or two brief comments, Mr. Chairman. Some of the areas in which such an endowment would contribute money, as I see it -- one in particular is education. I see that Mr. Jonson, the Member for Ponoka-Rimbey, has in recommendation 4 made a similar proposal. Although his is specifically geared to educational research, I would see that that kind of research would be appropriately carried out under such an endowment fund as contemplated in this resolution. As well, the whole area of study of economics, analyzing and understanding the way the Alberta economy operates, especially within the world and Canadian context, I think is an important area that could be funded by this capital funding, this endowment funding. The whole area of mental health and social welfare are some areas in which I think research would be very, very productive and helpful.

I agree that the fund as a whole is losing its value over time without the investment going into it or retaining its interest earn-

ings, and that's of course a concern to us, as it is to every member of the committee. But within that fund there are some exceptions, and those are the endowment funds. The endowment funds are not losing their value because of the way they are being managed, in that there's reinvestment of interest back into the capital and so that fund is growing and maintaining its value over time. So as we see that trend, it seems to us wise to put other funds into arm's-length bodies where they will continue to grow over time and not be undermined by the effects of inflation and policies presently being followed. Those are our reasons for suggesting this endowment fund.

MR. DEPUTY CHAIRMAN: Are there any further members? Athabasca-Lac La Biche.

MR. PIQUETTE: I'd just like to add to that that the Minister of Advanced Education, Mr. Russell, also did pronounce himself in favour of such an endowment fund when he appeared here before the committee. However, his argument was that we couldn't move on that because of shortage of funds. I debate that this is a problem, because we do have liquid assets, and we are talking here in the investment division of investing a number of dollars overseas. I think it would be much better to be investing that money in an endowment fund which would put people to work here in Alberta, diversify the educational assets we already have and build on them to be the building blocks of our economy in the future, rather than looking at investments in Japan or overseas.

So I think if we look very carefully at both motions, 13 and 14, we're really saying here that we're not touching the base at all of the investment division or the capital division because, really, the capital has never eroded and it can be adjusted to the rate of inflation of how much of that earning we retain to build onto the capital base.

I think it's very forward looking. It's really saying for it what the heritage trust fund should be all about, which is to build onto the future of Albertans here; that we don't frivolously erode the capital base of the fund without looking at the needs of building on very strong building blocks for the future development of our economy and educational opportunities of Albertans.

MR. DEPUTY CHAIRMAN: Okay. Recommendation 14: Member for Athabasca-Lac La Biche.

MR. PIQUETTE: Okay, very briefly. I won't repeat all the arguments I used in recommendation 13.

That the government of Alberta create an Alberta heritage foundation for research in the natural sciences and engineering. A \$100 million endowment fund provided under the capital projects division of the Alberta Heritage Savings Trust Fund would fund basic applied and specific research and would be modeled on the Alberta Heritage Foundation for Medical Research.

Again, speaking with various departments at the university and people who are knowledgeable about the need for research and development in these areas of natural sciences and engineering, we have again a lack of money in our universities to fund very important research and development projects at the universities of Alberta. There have been a lot of cutbacks recently, in the last few years, in relation to available dollars existing for such projects.

I'd like to also even add on the fact that I don't think the federal government is doing its job in terms of funding these very

worthwhile projects. Because really, the building blocks of this province and of Canada have been through encouraging very important research and development in the sciences and engineering, and if we don't want to be importing all of this very important research and development of new knowledge from other countries, we will have to start doing at home what we have to do, like the Japanese have done for many years. Why have they caught up and surpassed the North American economy? It's because their government has seen fit to fund very heavily research and development in the natural sciences and engineering and new technology, et cetera. We as Canadians have not done that. We've been very niggardly in our approach to research and development, where we sometimes say we commit ourselves to research over a short period of time and then cut back in times of recession.

What research and development needs to have in the natural sciences and engineering and other technologies is a knowledge that those dollars will be available year after year. An endowment fund of this type would put in place guaranteed dollars every year. The universities would be able to know what their research dollars are on a constant basis, based on the cost of inflation, and would not have to retrench projects which can develop the expertise here in Alberta which would provide for Albertans and the future of our economy probably one of the most solid building block approaches of any provincial government in Canada.

MR. DEPUTY CHAIRMAN: Thank you. Lethbridge-West.

MR. GOGO: I just have a couple of questions, Mr. Chairman. As the hon. member knows, we now fund universities in Alberta this year, not counting the 1.5 percent announced by the Minister of Advanced Education the other day for next year, at \$400 million. I would be interested in pursuing a question with the hon. member. It was raised by the Member for Calgary-McKnight some time ago, and that is to have a summary of all research done in the province of Alberta. I would be interested, hon. member, because you quote people at the university -- which automatically precludes the colleges doing any research -- as saying they don't have enough funds.

Would it be possible, Mr. Chairman, for the hon. member, prior to the voting day -- whenever that's going to be on these motions -- to perhaps provide that information as to the amount of research dollars now available at postsecondary institutions in Alberta from all sources. I know Petro-Canada is included. I know there are all kinds of people who are contributing -- and we're talking about the natural sciences and engineering -- and that information is available in the calendars of the universities. Maybe the hon. member could collate that information so that, come time to vote, the committee members would be aware of what the need is.

I have some difficulty in trying to find \$100 million which would essentially be nested within one, two, or three institutions in Alberta. That almost tells me there's none of that research going on now, and I do believe the Prime Minister announced not long ago an additional \$1 billion for Canada. Now, I'd be very interested where that's going to go. Is that coming here?

So they are the types of questions, Mr. Chairman, I'd like some answers to before we vote on Mr. Piquette's motion 14.

MR. DEPUTY CHAIRMAN: Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Chairman. A couple of

thoughts for the Member for Lethbridge-West. Perhaps the person with the staff to handle such a detailed analysis would be the Minister of Advanced Education. Certainly he is the one we should look to for that kind of information. I don't see how you expect an individual member to ever undertake such a prodigious assignment.

I think, however, there's a sort of basic fact that you would recognize just by the sheer size. The \$300 million endowment fund for medical research has, in the minds of many of the faculties of the universities in Calgary and Edmonton certainly, and probably in Lethbridge as well, created the impression that they're the poor cousins. I think you can quite understand how that would happen. The related medical faculties at the university get to share, if you like, in a program that is partly funded by a \$300 million foundation.

We're not talking about taking the \$100 million and spending it; we're talking about taking \$100 million and setting it aside. Only the interest would be available, and in fact they'd have to allow for inflation. So you're talking along 4 or 5 percent each year into it. But it would create a certain degree of stability. It would certainly give them a boost in a time when the government of Alberta has felt constrained to tighten budgets at the university.

You mentioned the federal government's \$1.3 billion, and that sounds like a lot of money. But I would point out that the federal government on going into power promised to double the research in the science areas in Canada, and it's certainly a long way from that. To some extent you can see these two proposals of ours as being a little bit of Alberta sticking out its chin and saying, I guess: "If that's all the money there is available from the federal government and it's going to be spread right across all of Canada, we know we're not going to get a great deal, and certainly it's not going to be adequate. So maybe we do need to a certain extent go it alone." And there is the money in the heritage trust fund to do it, so I don't feel it's a frivolous proposal at all in that regard.

MR. DEPUTY CHAIRMAN: Any other members? Little Bow.

MR. R. SPEAKER: Mr. Chairman, over the years I've been involved in government, the whole question of research has been one that I support, I guess, in a sense and one I often question.

Research, in terms of government responsibility -- I've always felt that it should have applicability to what we're doing in the general society of Alberta, whether its economic in pursuit or social or medical or whatever it is. With the medical research I could see the targets that we were aiming at, and that was like cancer, heart and lung disease, and so on. You could see that advancement there had application to the people of Alberta in terms of their well-being. I raised the question with regards to natural sciences and engineering, and when the member closes debate, possibly he could address that question. What would be the applied research, where would it apply, and where would we have direct benefits in a more obvious way as residents of Alberta? That's not quite clear to me, and if I could see that, well, then I'd maybe be more in favour of being supportive of the resolution.

MR. DEPUTY CHAIRMAN: Are there any further members wishing to speak on number 14? Okay, if the Member for Athabasca-Lac La Biche wishes to conclude?

MR. PIQUETTE: Well, I'd like to add that in the natural sciences and engineering, you know, we're grouping here basically a \$200 million endowment fund which would be administered with input from the universities of what would be worthwhile projects, upon application, to be funded under this endowment grant. So you have to remember that we need to depend on the expertise of the universities in terms of how these research grants would be applied, because it would have to be worthwhile projects and not just frivolous types of research and development that would be going on. But in the natural sciences and engineering and technology, there are very important areas where we can develop the expertise and the research and development, which can then be applicable to the commercial development of various engineering types of newly built -- for example, if you look at civil engineering, it could be developing some expertise which is applicable in how to build better bridges and various stress tests which can be applicable in the commercial, in the business field.

So there are very definitely many, many areas in which I guess you could spend probably an hour going through a very detailed kind of analysis of different kinds of possible projects which could be funded under this type of an endowment grant but having a lot of implications for developing technology here, for research which can then be borrowed by a private enterprise to be at the forefront of development in certain sections of engineering and applied sciences, et cetera. So perhaps other members could add on some other ideas about what could be funded under this endowment grant, but as I indicated here, I think we have to depend on a foundation like this, like the medical foundation, where experts in their fields are able to select projects which are applied by various professors, or whatever people doing research. They have to look at each of the applications to see that, you know, they answer the mandate of how that foundation is developed. So I'll perhaps leave some other member here to make comments.

MR. HAWKESWORTH: Mr. Chairman, just a possible list, taking the member's comments that it would be sort of a peer review of applications for research funding. Just for example, the whole area of new materials, uses of ceramics, polymers, is an area we could perhaps be looking at. Fibre optics: the whole laser technology is opening up all kinds of applications and research in those areas. The aerospace industries: there are lots of spin-offs there and lots of requirements for new basic research as well, like the whole area of physics and structures. I think, just allowing the imagination to run, there are lots of areas where research is presently being undertaken in the United States and Japan and Europe, and we would probably want to maintain some part of the leading edge of that research in those areas just as much as we want to do that in medical research.

I think one of the comments I've heard recently from the universities is that because of cutbacks in operating grants and because the endowment fund for medical research has not been subject to the same cuts, the whole research emphasis of our educational institutions in Alberta is shifting in that one area, and this in some ways is an attempt to try and correct and provide a more balanced approach.

MR. DEPUTY CHAIRMAN: Good. Number 15. The Member for Calgary-Mountain View.

MR. R. SPEAKER: Just a brief comment on this other. I appreciate the attempt to make a list in terms of that. My support

for applied research -- at one time back in my history, I was involved as a chairman part-time and also a cabinet member with what was called the Human Resources Research Council, and we allowed this to happen at that time. We gave to the professionals the assignment that you are just asking them to take. They came back with a long list of research projects, but none of them, really, that applied to some of the problems that we were facing in Alberta at that time. Under a lot of discussion and a lot of intensive direction, they shifted some, and about 25 percent of their projects soon became those that you could classify as applied research. The rest were very theoretical.

I look at one document that came out of that work at that time, where there was a lot of time spent and a lot of money, called *Social Futures*. There were only about three of us as politicians that have ever read that, most likely, and made some comments out of it for political purposes. Beyond that, in its application to help society's problems: zero. You know, it's gathered dust ever since 1969 or 1970. I just raise it because of my past experience, and I appreciate the comments the members have made.

MR. DEPUTY CHAIRMAN: Edmonton-Kingsway, then Athabasca-Lac La Biche. [interjection] Edmonton-Kingsway first.

MR. McEACHERN: I did demand it.

I appreciate the advice from the member, and I am sure his experience would be helpful in seeing to it that if we went ahead with this, it would be checked out very carefully to see that there was a certain amount of fairly useful and fairly specific research that would be applicable. Applied sciences, if you like. But I think it's also important in a society -- and I guess I am thinking more in the engineering and natural sciences area -- that we don't ignore fundamental research either, that there be a certain amount allowed for that, that even in the social sciences as well you not necessarily try to direct all of the research into something that's sort of useful today or something that some company is going to pick up on and try to make money out of tomorrow. Many of the fundamental research things are not useful for 10 or 20 years down the road. Most of the nations that are really doing well now, like Japan and West Germany as examples, did a really good job in fundamental research 20 years ago, did not wait till now to do it. They're paying off in the long run. It might not pay off in the immediate future.

Don't forget that we have AOSTRA in terms of one of the very important industries of this province now doing some very much applied research. And the medical foundation has, I think, been able to exhibit that it's tried to get a balance between getting involved in things that have fairly immediate payoff and trying to bridge the gap to getting industries to develop what they've discovered through their research. At least they talk very hopefully that they're on the verge of being able to do that. So I think it's a matter of getting a balance between the two.

MR. DEPUTY CHAIRMAN: Not wanting to cut anybody off, I would call the Member for Athabasca-Lac La Biche for the second, final comment.

MR. PIQUETTE: Okay. The comments made by the Member for Edmonton-Kingsway said very well what I was trying to add on to Mr. Speaker's concerns. Very definitely what he said are very valid concerns, that when the foundation is set up, if this endowment fund is approved, some of these concerns are an-

swered in the makeup of that foundation.

MR. DEPUTY CHAIRMAN: Now, Calgary-Mountain View, would you wish to try again?

MR. HAWKESWORTH: Thank you, Mr. Chairman. Well, this is a proposal to alter somewhat the percentage makeup of the trust fund by lifting the ceiling which presently exists on the capital projects division, which presently limits it to 20 percent of the total fund's assets, and increasing that to 22 percent.

Now, I think this is one the committee really has to grapple with for a number of reasons. First of all, there are existing projects and existing commitments under the capital projects division, and it's clear that even without taking on any new projects or new commitments, we are going to be reaching the limit of that 20 percent cap in a very short period of time. How we're going to fund to completion such things as irrigation and land reclamation in particular, those ongoing projects under Agriculture and Environment: we're going to have to grapple with that in any event. It may be that for that reason alone this portion of the fund would have to be increased.

But on top of that, we've also been approached with requests. One is from the medical research endowment fund, in which they've indicated they would like to see \$150 million contributed or added to that endowment over the next several years. I don't see how the committee could really entertain that request seriously without accepting some need to increase the cap from 20 percent in the capital projects division.

In addition to these two categories, Mr. Chairman, we've now put on the record our proposal for two new endowment funds for the reasons that we've already outlined. I won't go into that, but in order to fund them under this capital projects division, there would have to be some lifting of the fund, or as an alternative there would have to be a reordering of priorities within the capital projects division. As members have noted today, there were some proposals made for recovering money provided to the Vencap company. Vencap Equities were proposing that we seek to recover \$150 million of the \$200 million that has been provided to Vencap. Again, I'm not able to prejudge what the committee might do with that proposal, so as an alternative, if we could not get that money returned or if the committee would not be willing to seek the return of \$150 million to Vencap, again that would create the need to increase the cap of the fund.

As I estimate in rough figures, Mr. Chairman, 1 percent of the fund's assets equates to approximately \$150 million; 2 percent of the fund would equate to \$300 million. So what we're seeking by this recommendation is approval to increase that cap which exists on the fund, on the capital projects division, by an additional \$300 million. But as I said, if the committee were to seek the return of \$150 million from Vencap, it probably would not be necessary to seek the 2 percent increase. Perhaps only an increase of 1 percent on the cap of the capital projects division would be necessary to handle the proposals and requests that I perceive coming to this committee.

Thank you, Mr. Chairman.

MR. DEPUTY CHAIRMAN: Any further comment on recommendation 15?

Okay then, recommendation 16. Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. I indi-

cated at the previous committee meeting and circulated to at least one member of the committee who requested it a copy that I received last year as a member of the committee regarding schedule 5 of the commercial investment division investments. This document, which looks at the individual investments that have been made under that division, goes on for several pages and outlines where specifically the fund holds equity common shares. It also indicates by category how much the fund has in common shares -- say, for example, communications and media, or financial services, golds and merchandising, oil and gas, and so on. This is, I think, a very informative piece of information available to members of the committee, and I am hoping that we will get an update of this information for the fiscal year ended March 31, 1987. I gather the Provincial Treasurer was going to provide that. I don't have a copy of that yet.

What I would like to see in the hands of the committee prior to the appearance of the Auditor General or the Provincial Treasurer, before our committee holds its annual review of the fund, is that this kind of documentation be provided to us for each of the four most recent quarterly reports of that division. We do get quarterly investment reports, Mr. Chairman. As you can see, it's these blue foldout brochures. Schedule 5 is identified in that quarterly report. But the existing information we get has no detail to it. It consists of approximately three lines in this report, whereas I would be far more interested, and it would be far more informative to our committee in tracking the investments under the commercial investment division, to have a quarterly report of the individual investments held within that portfolio.

I hope this overview has clarified for members of the committee what the intent of the recommendation is. Thank you.

MR. McEACHERN: I just wanted to add a small point, that we were hoping to see the Treasurer again. One of the things he usually does is bring to the committee the latest one of these. This is only the 1986 one; we did not get the March 31, 1987, one. He was here the other day and didn't table it with us as is customary. So I'm wondering: if he comes back again, the Chairman of the committee could make a point of asking him if he wouldn't bring it in the next time he comes.

MR. DEPUTY CHAIRMAN: If we take the name of it, we can . . .

MR. McEACHERN: Schedule 5 of the commercial investment division of the heritage trust fund for March 31, 1987.

MR. DEPUTY CHAIRMAN: The secretary tells me that the Chairman has already asked about that, and the Provincial Treasurer is in the process of sending copies to the Chairman so they can be distributed. Is that correct? She's nodding her head, so I guess it's correct. Any further comments on 16?

Okay then, if we can go to motion 17. Again, the Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. This is a recommendation that the committee made last year in order to recognize the achievements of postsecondary students in the area of fine arts under the Heritage Scholarship Fund. The minister was asked this year why this particular recommendation was not implemented a year ago. I heard the recommendation he made. I didn't, I guess, agree with the assessment which the committee had made or which the board of trustees had made in

evaluating this request. I believe that within that fund, which has now grown substantially from the hundred million dollars they were originally provided -- within the funds available to them, there must be some money available in which they could establish a new category of scholarships. In the early years of that fund, if it is a bit tight in finding money for it, it may not be that there would be many of those scholarships awarded. But I believe that within the amounts of money that that board of trustees has available to it, it would not take a great deal of difficulty to set aside the money for this new category.

I just add, Mr. Chairman, that we've provided a tremendous amount of capital dollars in the city I'm most familiar with, that being Calgary, for a new Centre for Performing Arts. It's a lovely facility, and I know that thousands of Calgarians enjoy that place every week. I know that other provincial government investments have been made in other communities throughout the province. I also know that some considerable amounts of operating dollars are provided each year in support of those facilities as well, a considerable amount of public dollars. My question is: where are those young people who find careers in the arts? Where do we find and encourage the large numbers of young people who form the foundation by which these performers and stars come forward? It seems to me that unless we really give it a similar kind of priority that we do to our athletic and academic achievement, over the years Alberta is going to be lacking in that homegrown talent. I think it's a way of us just encouraging that development.

Thank you, Mr. Chairman.

MR. DEPUTY CHAIRMAN: Any further comments on 17?

Okay, I wonder if we can go to motion . . .

AN HON. MEMBER: Nineteen.

MR. DEPUTY CHAIRMAN: No. Why I was hesitating is that . . . Number 4; right. The Member for Ponoka-Rimbey wasn't in the Assembly. His was read into the record.

MR. JONSON: Yes, Mr. Chairman. We've been talking to some degree about research this afternoon. This recommendation, which reads

that an endowment fund be established from Alberta Heritage Savings Trust Fund moneys to support basic and applied educational research and the development of innovative instructional materials applicable to grades K-12 education in the province,

is certainly along the same lines.

I would like to offer, first, certain general comments. First of all, I think an endowment fund and the whole field of educational research should have some focus. I've tried to zero in on an area of education that has not, in my view, received its due attention in terms of the educational research that has sometimes been conducted. There is also in the recommendation a focus on not just basic research, although that certainly has to be done in the whole process of research, but also on applied research and the development of the materials and tools to put that information, that new knowledge, into practice.

Mr. Chairman, I think the vehicle of an endowment fund is ideal for this type of initiative. It would provide for a degree of independence in the operation of research activities and the consideration of proposals and so forth. Secondly, as has been previously mentioned this afternoon, an endowment-type approach provides security of supply in terms of income. It provides a base from which a governing board can plan and provide for the

necessary commitment of funding over a period of months and years that's necessary to effectively conduct research. Certainly, going to a sort of philosophical point, this is as good an example as any of an investment in the future, one of the goals of having the Heritage Savings Trust Fund.

Mr. Chairman, I think there's a definite area of need in the province. Recently I was reading an article by Dr. Friesen, of the University of Alberta, where he had traced the pattern of funding for pure and applied research in Alberta over the past period of time and particularly as this applies to education. With the funding challenges that universities and colleges have faced of necessity recently, it has certainly been a trend to borrow, you might say, from the previous commitment of research moneys within the university's own budget and apply, of course, to operating costs rather than to research. So I see this as an area of need in terms of the funding for education, because we can continue that trend for a long period of time and pretty soon we have no research base in the field of education in the province. Yet we have a great deal of talent in the educational community that has an interest in improvements in this area.

There is, in my view, no end of possible areas to which these endowment moneys could be applied. I think that if there was a prestigious vehicle of this kind available, it would certainly bring a great deal of interest, all types of proposals and initiatives from the educational community. When I speak of the educational community, I would certainly anticipate that if the policies and guidelines of such an operating fund were properly prepared, we would have a great deal of interest in the K to 12 schools of the province and the people associated with them as well as from people in private industry. It is not intended to exclude, but it would certainly not only be something directed to the talents of people at universities and colleges.

Getting back to the examples that I would use as areas of potential for research, we have the whole area of special education. Alberta remains in terms of its operational budget one of the top-ranked provinces in the country in terms of day-to-day funding of special education activities. But whether we are talking about the people that are disadvantaged from a learning standpoint or we are talking about the gifted, there are certainly many proposals, many ideas, and much need for work in that area. Recently the government put forward the native education project, but for some of the good ideas that are around in that particular area, the amount of money that we currently have available and the structure to back those projects up with research in the first place just are not there.

Another very exciting area is the area of applying technology to education to individualize it, to perhaps teach certain areas of the curriculum more efficiently, and certainly to deliver it to distant parts of the province and to schools where it just is not viable to maintain those schools unless you can expand through some type of aid or system of delivery the program that you can offer to a small number of students. We have, both in the K to 12 area and certainly in the area of adult education, the whole challenge of maintaining our standards of literacy in an age in which visual types of communication seem to dominate. Yet the need has never been greater for adequate written communication. So, Mr. Chairman, I think there is an identified need both in terms of the area of work to be done and the area of research to be conducted. There is, in my view, a need because we have not had the continuing increase in funding for research that there should be in the province in this particular area.

I really think there is, finally, a great potential out there for educational research which could flow through from the basic or

very theoretical research to the application of that research to the school setting and to the individual student and eventually into materials and resources, using modern technology which would not only be marketable and useful within the province of Alberta but would have, I believe, a market and a use across Canada and North America. Because I feel we have that kind of talent and those ideas within the educational community of Alberta, and I think we should be utilizing them.

MR. DEPUTY CHAIRMAN: The Member for Edmonton-Kingsway, followed by Lethbridge-West, followed by Athabasca-Lac La Biche.

MR. McEACHERN: Thank you, Mr. Chairman. The member nearly answered my questions. I put my hand up earlier on, as you may recall.

It would seem to me there's a couple of areas you're sort of referring to here but that I would like a little bit of clarification on. When you're talking about research, from some of the comments I gathered you were suggesting in the field of pedagogy -- you know, styles and kinds of teaching and that sort of thing. I'd like you to elaborate a bit on that. Knowing that you're a teacher and I'm a teacher, it is, of course, an area that we're interested in, and I'm sure you could elaborate compared to what you just said.

In the applied educational materials development side of it, were you saying then that Alberta might be able to provide, after a time anyway -- and there's a certain period of time to develop it -- a number of our own materials at least and maybe even in some cases compete with Ontario and some of the Americans for the textbook market? For example, I know that the modern world is also building computers and using videos and all kinds of other teaching techniques besides textbooks, but one of the things that has always bugged most teachers, in Alberta certainly -- through my years of teaching, anyway -- was the fact that you could never get a textbook that fit the curriculum. It was always produced somewhere else in the world that had no idea what it was we were trying to do in this province anyway.

So I wonder if you would address those two issues a little more specifically than you did and tell me if you were planning that this foundation would be fairly specifically getting into those areas.

MR. DEPUTY CHAIRMAN: How about if we run through the speaker lineup? Then you can sum up debate.

MR. JONSON: Sure.

MR. DEPUTY CHAIRMAN: Lethbridge-West.

MR. GOGO: Thank you, Mr. Chairman. The hon. Member for Ponoka-Rimbey comes very well qualified, having been a teacher of many years' experience and a principal and a former president of the Alberta Teachers' Association. One of the most exciting things, I believe, that I've heard from the hon. member . . . My recollection tells me he sponsored a Bill in this Assembly called the plain English Act. I think that was kind of an exciting time, because we must recognize reality, and if reality tells us that one in every four Canadians is functionally illiterate, then obviously there is going to have to be a lot done.

Looking at the *Concise Oxford Dictionary*, this hon. member can't even find "functionally," and when he looks at "function" and "functional," he gets confused. But "illiterate" is

very clear. Illiterate is uneducated. "Unable to read" is what the literal meaning of illiterate is. So it would seem to me that we should be doing, as I think the Senate of Canada has pointed out, a tremendous amount of effort in reducing the amount of functionally illiterate people in our society.

A recent debate here in Edmonton focused on two experts in the areas of education. As I recall, one, who dealt with the process only, said that the role of the educator is to teach a youngster how to think and how to reason, which was in my school days the purpose of mathematics: to teach you to reason, not to solve a problem. Those problems have been solved many, many times in the past. The other side of that equation was the proponent of results oriented education; i.e., when you come out of the system, you should be prepared to accept a station in life and perform a useful function. I don't know how this motion before us attempts to do this.

I'm well aware, Mr. Chairman -- I think it's well established that every dollar invested in education returns fivefold. I'm kind of curious, however, in view of the motion, what the position is with the national associations. I understand there's a National Association of Teachers that may have done some work in this area. But the other side of that coin, of course, is the school systems of Canada. I'm curious, and I'd like to ask the member . . . Again, I'm encouraged by what he wants to do. However, I think it's perhaps more important to deal with functionally illiterate people and make them capable of adopting a role in society. I'm not taking away from special ed for the above average student, for the slow learner, or the rest of those.

I'm a little bit surprised to hear some of the comments I've heard that there's not much research done in this area now. Surely our universities in this province do more than simply attempt to teach people how to teach. There must be a lot of theory; there must be a lot of pure theory with the whole business of the learning process. So I'd simply put a question to the hon. member: would he include within the parameters of his motion any emphasis at all in terms of basic and applied educational research to include dealing with the functionally illiterate people in our society that perhaps number one in every four?

Thank you.

MR. DEPUTY CHAIRMAN: Athabasca-Lac La Biche.

MR. PIQUETTE: Yes. I congratulate Mr. Jonson for his recommendation, except what I think should be done, rather than the establishment of another endowment fund . . . Recommendations 13 and 14: I wonder if the member would not agree that perhaps his concerns relating to lack of research money available for basic and applied educational research and the development of innovative instructional material would be a mandate of, say, an endowment fund relating to universities for research in the social sciences and humanities as well as natural sciences and if it could be under the mandate of an endowment fund which would, more or less, be more specific in terms of recommendations of where we want to see some of the research dollars going, or is he looking here at setting up another type of endowment fund?

The purpose of the two that I recommended here was to be the umbrella where some of this type of innovative research relating to education, et cetera, development of strategies to improve literacy, would be part of an overall endowment fund where the universities would be able to draw from a pool of money. So I would like to ask him whether he would not perhaps be willing to change his recommendation to be part of the

endowment funds that I recommended here to the committee.

That also answers the concerns of the Member for Little Bow. He wanted to know: what are the economic and social benefits of the endowment funds which I was recommending? Well, I believe that Mr. Jonson again has some of the ideas that could be part of that mandate of these endowment funds we're talking about here, where we very definitely need to improve our research and applied research and even how we educate our young people today in Alberta. That would be at the vanguard of developing theories and applied theories in term of textbooks, in terms of innovative approaches to learning techniques, so that our kindergarten to grade 12 students benefit from applied research here in Alberta.

That would be a homegrown type of research here in Alberta which could then be exported. I mean, the sale of innovative research, of education research, is very important. For example, I look at Athabasca University in my constituency, where they are now entering in terms of selling their research in terms of learning kits which can be sold to other countries. So I think there is a growing market in that, and we could be looking at diversifying our economy by being able to address that need.

MR. DEPUTY CHAIRMAN: Thank you. Any further comments on number 4? The Member for Ponoka-Rimbey.

MR. JONSON: Yes, Mr. Chairman. I will conclude by responding to some of the questions that have been posed. First of all, with respect to the question from the Member for Athabasca-Lac La Biche, I understand the concept of having one overall fund. However, there is always a problem, it seems, with an overall structure for research in the social sciences and humanities. It gets off to a great start, great hope attached to it, and then it seems to run aground because after five or 10 years people become kind of concerned about the generality of it. It does not seem to be focusing enough and coming out with any practical application.

I remember -- and I'll say this is a memory, Mr. Chairman, but it seems to me it was the hon. Premier Manning that made some comments back in the late 1950s. Having an education background himself, he took it upon himself to do a bit of personal research of educational publications and so on at the University of Alberta. His comment was that he could not trace those research publications to one practical result. So there is that danger, in my view, with respect to a thrust being too general as far as research is concerned. Certainly I'm not denying that there couldn't be guidelines and sections under this endowment in social services and humanities that might apply to education. However, I would prefer to leave my recommendation as it is because I want to see this particular focus, if possible, taken in research.

With respect to the question from the Member for Lethbridge-West, the answer is yes, in that I would see it being the functionally illiterate or, putting it more positively, the emphasis on increased literacy being one of the areas that this effort would focus on, because I would hope there would be a process in the operation of this fund and program of identifying priorities in areas of need.

Finally, with respect to the questions posed by the Member for Edmonton-Kingsway, I would not see this as particularly being a means of promoting the publishing industry in itself. I think that's another area we might discuss sometime in the Assembly itself, because I do feel we could be doing more by way of a joint provincial/federal agreement for the development of

our publishing industry. British Columbia and Ontario have such joint development agreements, and certainly Alberta has talent which would benefit from that.

Mr. Chairman, I see the nature of the applied research being . . . I'll just use one example. From personal experience I'm aware that the word processing programs that have come out in great numbers from companies all across North America are not really adapted for the best possible use by students. They are good; they are getting better. But I'm aware that some teachers within the province of Alberta have developed their own program. They're busy with their teaching. They do not at this point in time want to take the risk of quitting teaching and trying to seek funding to promote their product, so it sits. I think such a product could be tested, refined, and this might be the vehicle for eventually marketing this as an educational material.

Finally, I believe there was a question on just what type of basic research I'm talking about here. Well, there's a great deal of research and a great deal of literature available at this point in time on something called learning styles, the manner in which particular types of individuals go about understanding their world and operating in it. The research would indicate that there are very significant differences, but it seems the research is lacking in connecting what they have found about learning styles to actually teaching in the most effective manner to those particular individuals. I see areas of need of this type that I believe have the potential to be met by the implementation of this recommendation.

MR. DEPUTY CHAIRMAN: Thank you.

If we can go to motion 19 now, noting that I need about three or four minutes at the end to wind up some housekeeping matters and to introduce another resolution we've had notice of.

MR. NELSON: Mr. Chairman, do you want to take the opportunity, maybe, to do the housekeeping items now? Then if we've got time, I can go into my . . .

MR. DEPUTY CHAIRMAN: Okay. A brief outline of the schedule now as we see it. We've contacted the Alberta foundation for medical research, and both members, Mr. Geddes and Dr. McLeod, have said that they could be here at 9 o'clock Thursday morning but 10 o'clock is a problem with them, so perhaps we could look at 9 o'clock. We suggested about half an hour. If it takes half an hour, then we can adjourn for half an hour and start our regular meeting on recommendations at 10, if that's acceptable. Or we could run straight through, whichever is acceptable. Maybe we should deal with that one first.

MR. McEACHERN: That's a bit of an early start, but I would suggest that we go from 9 o'clock to 11 o'clock then and have the longer break in the middle of the day. Well, I suppose we could decide at 11 whether we wanted to try to finish it in the morning and not come back in the afternoon, but I think we should keep that kind of option. Four hours of being in here when you need to work outside as well is enough. So unless we can finish it in the morning, my suggestion would be that we go into it at 9 o'clock with the view to spending an hour with the gentlemen from the medical foundation and at least an hour in the morning, and if we feel we can't finish it in the morning, then we go ahead and hold the afternoon session, and if we can finish it in the morning by 12, we cancel the afternoon session.

MR. DEPUTY CHAIRMAN: Okay. Is that agreeable?

AN HON. MEMBER: Yes.

MR. DEPUTY CHAIRMAN: Okay, we'll do that. Just a comment to the Member for Edmonton-Kingsway. I thought you told me you grew up on a farm and you're used to getting up early in the morning. Or are those days long gone?

MR. McEACHERN: That was long ago. Now I sit up all night listening to the midnight news, so . . .

MR. DEPUTY CHAIRMAN: Nine to 11. [interjections] Well, okay. I thought the proviso on the 9 to 12 was that if it looked like we could get through the discussion of the recommendations by 12 o'clock, we would go ahead with it and then not have the afternoon meeting. But it was 9 to 11 if it looked like we couldn't get through and were going to come back. It was preferred to have two two-hour sessions rather than one three-hour session and one two-hour session. Okay? Let's get on the same wavelength here.

MR. HERON: Mr. Chairman, didn't the hon. Member for Edmonton-Kingsway propose that on Thursday morning we meet here at 9 o'clock, we take up to an hour at a maximum, a shorter time period if we can do it, and that we carry right on through till 12 o'clock, and if we do that, then we don't meet in the afternoon? Isn't that what the member proposed?

MR. McEACHERN: Not quite. I suggested that at 11 o'clock we take a reading on it, and if we felt we could finish by 12, we carry on, but if we were going to have to come back for the afternoon, we break at 11 and come back at 2. I think to go three hours solid in the morning and then two in the afternoon makes a pretty heavy day when we've got a lot of things to do.

MR. PIQUETTE: I would prefer that we agree today that we go from 9 to 12 so that we know for certain what the schedule is as opposed to trying to make up a schedule in midstream. You know, we have a lot of things to do if we're going to get back the next morning. So I would recommend that rather than having an 11 o'clock decision and then not knowing really what the schedule is until then.

MR. McEACHERN: Okay.

MR. NELSON: Well, Chairman, I wonder what these guys would do if they had to put in a full day of work. Quite frankly, five hours is just about a third of a day for the average member, I would hope.

In any event, I think if we can conclude the material that we wish to work with on Thursday rather than even coming in Friday, gosh, that would be kind of an ideal situation. If we go five hours or six hours, you know, what's the big deal? I mean, it just saves the government 100 bucks per member and everything like that too. So let's get the issue out of the way on Thursday, and then we don't have to be here.

MR. DEPUTY CHAIRMAN: We're going to go, then, from 9 a.m. Thursday to 12 and from 2 until 4, with the first hour or thereabouts with the foundation for medical research. Then we'll get into recommendations, and we'll work on recommendations for the rest of the day. Then that will still leave Friday

morning from 10 until 12 open. Is everyone agreed on that?

HON. MEMBERS: Agreed.

MR. DEPUTY CHAIRMAN: We're all agreed: on Thursday from 9 till 12 in the morning, 2 until 4 in the afternoon, and on Friday from 10 until 12. Okay. We're all on the same wavelength then.

MR. GOGO: Mr. Chairman, that doesn't predispose that if we've dealt with our business by 11:01, a motion to adjourn wouldn't be in order. Surely we're not tying the committee down to sit in the Chamber if there's no business.

MR. DEPUTY CHAIRMAN: I would hope that that would be the case.

The Member for Lethbridge-West has another recommendation to read in. We have a circulation of that recommendation and the handwritten circulation of the one from the Member for Calgary-McCall.

MR. GOGO: Mr. Chairman, before I introduce my motion. On administrative matters -- Mrs. Quinn is important here. I don't know what the administrative abilities of the committee are, but members of the committee may be aware that Mrs. Ron Moore is undergoing some very serious surgery today. That's where Mr. Moore is. I think it would be appropriate for two things: one, we as a committee transmit to Mrs. Moore flowers, if that's in order from this committee, with an appropriate card. I simply raise that, Mr. Chairman, because I feel it's important. If the committee doesn't want to do it, then I'd be prepared to do it. She's undergoing serious surgery at the University hospital. I think it would be very appropriate on behalf of this committee -- all members, is my view. If that's acceptable as a motion, I would move.

AN HON. MEMBER: She's at the Royal Alex.

MR. DEPUTY CHAIRMAN: Seconded by Athabasca-Lac La Biche.

MR. GOGO: I'm sorry; Royal Alex.

MR. DEPUTY CHAIRMAN: All those in favour? Carried.

MR. GOGO: Mr. Chairman, with regard to the additional motion, last year I introduced the motion, and it was carried by the committee, regarding the water resources institute, which has now been circulated. The wording would be:

that the committee recommend the establishment of a water resources institute at the University of Lethbridge, and that \$5 million be allocated from the Alberta Heritage Savings Trust Fund to provide an endowment fund for this purpose.

Briefly speaking to it, Mr. Chairman, many experts have said that by the year 2000 water will be more valuable to Albertans and Canadians than hydrocarbons such as oil. As members know, water use in this province has been prioritized as domestic, agricultural, followed by industrial use. It would seem to me that with the facts that water is so important and that the Lethbridge research station is the largest Canadian agricultural station, it would be so appropriate, perhaps, to tie in the two under the University of Lethbridge, in dealing with water research within the university.

I had thought I would introduce it under Farming for the Future. However, I think water's even more important than its use for agriculture; it's important for mankind. I think it would be very appropriate now, with the security of supply being looked after, assuming the Oldman dam is completed, for the irrigation capital of Canada, which is southern Alberta and Lethbridge in particular, to have a water resources institute within that community.

MR. DEPUTY CHAIRMAN: Any more quick comments on the recommendation? Okay.

I wonder if the Member for Calgary-McCall, being as he's

next on the list in debating his motion, would like to make the appropriate motion?

MR. NELSON: Done.

MR. DEPUTY CHAIRMAN: All those in favour?

HON. MEMBERS: Agreed.

MR. DEPUTY CHAIRMAN: Carried.

[The committee adjourned at 3:58 p.m.]

