

10:03 a.m.

Wednesday, November 14, 1990

[Chairman: Mr. Ady]

MR. CHAIRMAN: I'd like to call the committee to order this morning. We'll resume the discussions and debate on the recommendations that are before the committee. With the indulgence of the committee, the Chair would like to make a minor alteration. We normally would be debating recommendation 9 . . .

MR. PAYNE: Mr. Chairman, I'll hold.

MR. CHAIRMAN: No, that's fine; there's not a problem with it.

. . . from the Member for Calgary-Fish Creek. Some of his background information is on its way over from the Annex and will be here, and unless there's opposition from the committee, we can debate recommendation 10 and then move back and debate recommendation 9 following that. Is there any opposition to that, or do I have concurrence from the committee?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Thank you. I recognize the Member for Lacombe on recommendation 10.

10. Moved by Mr. Moore:

Whereas the Alberta Heritage Savings Trust Fund scholarships are awarded on achievement and not on need or potential productivity, whereas it is commendable that Alberta Heritage Savings Trust Fund scholarships are a recognition of past performances and not a financial reward or remuneration, and whereas recognition of achievements is the primary purpose of the awards, that Alberta Heritage Savings Trust Fund scholarship financial awards be reviewed and the dollar amounts be ascertained to reflect the need and potential productivity to society of the qualifying recipients.

MR. MOORE: Well, Mr. Chairman, all members have the recommendation before them and the reasoning behind it. The one main fact that we must understand under the scholarship program is that the main purpose of it, and this was emphasized by the minister when he appeared before us, was based on recognition of achievement; that was the reason for it. We have these people doing a terrific job out there in their various areas of expertise, and this was a form of recognition for that effort they put in on behalf of Albertans and society in general.

Then when we look at the amounts of dollars that are awarded under these scholarships, the dollars were not put on there as a remuneration for these achievements. They were attached for whatever reason. I'll go to the bottom level, down at Rutherford, down in the high schools. We see the small amounts that are attached to it, and they are small amounts, I should say, in relation to other amounts under other scholarships. That young person in high school who has achieved and got consistent high marks over three years, a real achiever in high school, has far greater potential to serve our society better over the years of his life than somebody who is my age, 60 to 70 years of age. When a person gets up to 60 years, they've served society and haven't that many more years of service left. So why do we give \$50,000 to a person that's 60 years of age and \$5,000 to one at the bottom who has tremendous potential to serve and

a tremendous need, because those young people have no funds? This would give them the opportunity to blossom out, develop, and provide a lot of service back to society.

All I'm saying with this motion is that, sure, we'll leave the prestigious awards to those who have achieved, give them their recognition - I'm all for that; that's what they want - but let's look at the amounts of dollars we're giving out on each scholarship and direct not the scholarship on the idea of need but the dollar amount to the need of the individual. If we see somebody 40 years old who is in need and has gotten a scholarship, we should give him \$50,000 over somebody else where the need isn't there: we equate the need to the dollar amount.

MR. CHAIRMAN: Thank you.

The Member for Ponoka-Rimbey.

MR. JONSON: Yes, Mr. Chairman. I wish to speak in opposition to this recommendation. I just wanted to comment in terms of my colleague from Lacombe. He usually doesn't beat around the bush about the issues he brings forward, and I commend him for that, but in this particular case I think he's approaching an issue in a rather circuitous manner.

First of all, Mr. Chairman, the Alberta Heritage Savings Trust Fund scholarship program has, for the most part, served the objective of rewarding excellence in terms of scholastic achievement. We're talking here about scholarships; we're not talking about a program for those in need. It may be that we want, in some other arena, to debate whether more should be done in terms of directing the resources of the province towards helping students in need, but that is not what a scholarship fund is all about, and I think that in terms of rewarding excellence the scholarship is doing that. How you assess potential productivity I don't know, but scholastic achievement at a high level certainly has some promise in it of being applied later on.

I think, Mr. Chairman, the specific issue here is that we have one or two awards which may be quite large in themselves but are not very numerous that are directed to the recognition of past performance or past contributions. I think that if the hon. member is taking issue with those particular programs, they should be zeroed in on in the recommendation and we should not be looking at changing the total direction of the fund because there are a couple of specific awards being given which do not seem to fit the purpose for which the fund was set up.

MR. CHAIRMAN: Thank you.

The Member for Lloydminster.

MR. CHERRY: Thanks, Mr. Chairman. I just wanted to give a few brief remarks.

I know my colleague from Lacombe's intentions are very, very good, but I want to just say one thing. These scholarships were brought in in Alberta in 1981, and I think it was probably one of the best things this government has done. The way it is presently, that they are open to all Albertans regardless of age, I think shows the ability of each and every applicant, if you want to call it that, or award winner: the knowledge they possess now and the further knowledge they can possess down the road. Because I'm in my late 40s I should not be allowed to go forward and get a scholarship: that is the thing I don't agree with. So . . .

MR. CHAIRMAN: Hon. member, it's imperative that you stay as close to the truth with your age as possible.

MR. CHERRY: Thank you very much, Mr. Chairman. Thank you.

MR. CHAIRMAN: The Chair will overlook that indiscretion. Proceed.

MR. CHERRY: Just in wrapping up, I remember a particular case, a lady in the Lloydminster constituency who won a \$15,000 scholarship. She certainly wasn't young – I will say also that she wasn't old – but she was very deserving of it. So I think the criteria that we have here today – I would not support having a change to it. Thank you.

MR. CHAIRMAN: The Member for Three Hills.

MRS. OSTERMAN: Thank you, Mr. Chairman. It's been an interesting discussion. My colleague from Lacombe made a main comment that I wanted to make, and that was the discussion about excellence. My colleague from Lloydminster in the discussion of age, I'm sure, Mr. Chairman, was just being rhetorical; he wasn't referring to himself.

I feel quite fortunate that I happened to be on the committee – and I'm not sure whether my colleague from Ponoka was or not – back in those early years when we discussed such a structure in the potential and we had an education caucus committee. It has, I think, been successful beyond our belief in terms of our sense of what this could do, particularly for young people, but as well, the reward of excellence: people who make that very special contribution. I'd say to my colleague from Lacombe that I think those of us who are more mature – and I will give my age, as in 54 – know much better how to use our money. So it would not be wasted at all.

10:13

As long as we're sticking to excellence, Mr. Chairman, it would change significantly the intent of the program as the original framers intended it, and I couldn't agree with that change. But I would comment, however, that if the hon. member was alluding to the amount of assistance as well, particularly for young people, it may well be that that could be reviewed, because in total right now, if you are deserving in each of your three years of high school for the Rutherford, you are eligible for \$1,500. Now, if the fund were to be studied on an actuarial basis, given the percentage of young people who each year make themselves eligible by their hard work and studying, and you projected ahead – that fund has grown significantly; it has paced itself well beyond inflation – it may be that the amount could be increased slightly, just so long as we are also aware of the demographics and whether there would be any large bulges going through the system where we might have an extraordinary call on the fund over the next few years. I think that has merit. In other words, particularly in the Rutherford area we might look at the amount now that is given to the young people for each of those three high school years.

MR. CHAIRMAN: Thank you.
The Member for Edmonton-Centre.

REV. ROBERTS: Well, Mr. Chairman, I don't quite know how to respond to this, although my reading of it is not very positive, particularly in light of the fact that I thought when the minister was here he said that there was going to be a full review of the Heritage Scholarship Fund. I'll take him at his word that that's

going to be done thoroughly and adequately, and we'll wait to see the results of that.

The resolution as it stands doesn't tell me who's going to be doing this review that the member calls for or, again as has been pointed out, how potential productivity is ever going to be really assessed. So I think it's faulty in a number of different respects in terms of how it's worded. As well, I think I agree with the Member for Three Hills that we have to really take a look at some incremental increases in the funding. I know, for instance, that the Rutherford – that's the one for Harvard, isn't it?

MRS. OSTERMAN: The Rutherford is high school.

REV. ROBERTS: Oh, it's high school. Which is the one for Harvard?

AN HON. MEMBER: The Noble.

REV. ROBERTS: The Charles S. Noble one. When I looked at the amounts given for that, it was incredible. I mean, one year of study at Harvard these days, between tuition and books and residence and all the rest, amounts to about \$10,000 U.S. That's for one year, and normally an undergraduate or a graduate degree would take three or four years to complete. I think the Charles S. Noble Scholarship is just a pittance in terms of that total cost. I mean, it would be nice to get, but I often wonder how much the scholarships, whether just in the Noble case or in others, get the particular students into a very big-ticket educational system and leave them having to get all kinds of other student loans and other financing to complete it.

I agree that there needs to be some review of just how much the going amount reflects the real needs of the student, whether it's at Harvard or the U of A or wherever, because the real costs to the student can be quite excessive. The fact that they're not indexed to inflation or anything else, with tuition rates going up – I think they'll continue to fall behind the students' real financial needs. If, in fact, they are being rewarded on the basis of excellence or achievement, that should be done in a fair and equitable sort of way. So I think that part of it needs to be reviewed, but not as is worded here.

The other part that needs to be reviewed, of course, Mr. Chairman, as has been pointed out, is that the moneys flowing into the Heritage Savings Trust Fund are not Progressive Conservative moneys. I mean, they're not the moneys of this particular government and party. They're the resource revenues of the province, of all the people. Hence, when these scholarships are being handed out, it's not the purview of this particular government to hand them out. It's the ability for all elected people to be able to go to high school graduations or to write letters of congratulation to recipients of these grants and of these scholarships. That part of it really needs to be reviewed: that it's only the politics of certain MLAs from the government back bench to go and hand out the cheques to certain recipients. That kind of politics has to be reviewed as well, to make it far more fair and just and neutral in terms of what scholarships and education and the revenues springing to support them are really all about.

MR. CHAIRMAN: Thank you.
The Member for Lacombe, to close debate.

MR. MOORE: Well, I have listened intently. I want to make clear to the committee, though, that I'm not questioning the awarding of the scholarships and the qualifications of the

recipients; achievement is an excellent thing to recognize, and it's doing an excellent job on all levels of the scholarship program. I'm just saying that we look at the way we attach the dollars, so that some youngster down at the bottom who is very, very qualified, has done a terrific job in grades 10, 11, and 12 right at the bottom level and got that \$1,500 as a scholarship and has a great need, should get – I'm not saying what amount – but say \$5,000 or \$10,000, and cut some of these other ones down where we attach the dollars. That is what I'm saying. I'm not questioning the scholarship program for what it does; it does a terrific job of recognition of achievement.

MR. CHAIRMAN: Thank you. That concludes debate on recommendation 10.

We'll recognize the Member for Calgary-Fish Creek for discussion on recommendation 9.

9. Moved by Mr. Payne:

That the commercial investment division policy be consistent with the Alberta Heritage Savings Trust Fund Act's objective of strengthening and diversifying the economy of Alberta and that investment priority be given to those companies whose operations achieve that objective.

MR. PAYNE: Thank you, Mr. Chairman. If I could use the analogy of a tug-of-war, I'd like the members of the Alberta Heritage Savings Trust Fund committee to visualize themselves as members of a tug-of-war team: we represent the various elements or components of the heritage fund legislation and program, the way it's delivered; we're all pulling in one direction, that direction being the objectives of the fund, and then one member of our team grabs the rope and pulls in another direction. Well, that's precisely what is happening to a certain extent in the commercial investment division. As a member of the fund's tug-of-war team, it simply is not pulling in the same direction as the other elements of the heritage fund, at least those elements that would diversify the economic base here in Alberta.

Now, the reason I make that charge is that, as you will note on schedule 4 on page 44, in the range of 15 to 20 percent of those investments are in oil and gas and pipeline investments, most or all of which are headquartered in Alberta. I ask the question: is that consistent with the objective of diversifying our economy? I would also point out, Mr. Chairman, that the common shares are held in a variety of companies, or at least types of companies that are not active players in Alberta's economy. Again, I ask the members of the committee: is that consistent with the objective of diversifying our economy?

MR. CHAIRMAN: Thank you.

Are there other speakers on this? The Member for Westlock-Sturgeon.

10:23

MR. TAYLOR: Generally speaking in support of the motion, I think the hon. Member for Calgary-Fish Creek has pointed out a number of areas, particularly in ownership and subownership, that would indicate that maybe we're not investing and diversifying in Alberta. The only caveat I make on his recommendation is that I'd like to see something there about Canadian or Alberta ownership. Funding a subsidiary of a large international corporation, although it would qualify for all the things here, that by diversifying Alberta it might be helping the Alberta economy – but also it could be used as a funnel to use Alberta

taxpayers' money to experiment and try something, and the knowledge would then be funneled back to head office to be used in other places in the world. I know we can't amend things, but I just want to put on record that although I agree with the Member for Calgary-Fish Creek's recommendation, I would have added, Mr. Chairman, if I had the right as I would in any normal committee to amend the thing, the suggestion that it only be to Alberta ownership.

MR. CHAIRMAN: Thank you.

The Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. I'm intrigued by the motion that's on the floor. Just in reflecting on the original purpose for the commercial investment division, in looking at the legislation as it's set up, this division is intended, or was intended with the initial legislation setting up the Heritage Savings Trust Fund, to make investments which, in the opinion of the investment committee or in the opinion of the Legislative Assembly as expressed in a resolution of the Assembly, "will yield a commercial return or profit to the Trust Fund." So this is the division that's intended to make money, and that's the sole objective of this particular division.

What the member is proposing is to basically abandon that particular single-purpose intent of the commercial investment division and to bring it in line with perhaps the Alberta investment division that is intended to strengthen or diversify the economy of Alberta. Now, that would be, I suppose, not an overwhelming change in policy, because the amount of money invested in the commercial investment division is really a relatively small proportion of the overall portfolio of the fund. Nevertheless, I think we should be very clear that there would be a change in direction and that would be in conflict with some of the other motions on the floor we've already debated that investments in the fund should try and enhance and increase and make a single priority a commercial rate of return or profit to the trust fund.

I guess my question to the member and my concern with this particular motion, and perhaps he could address it in his closing comments, is an old adage about putting all your eggs in one basket. If we invest the entire trust fund into one economy, the relatively small economy of Alberta – 2 and a half million people – if the economy does well and the companies that reside here and do business here do well, then of course the trust fund does well. But if oil prices drop and if we can't get a very good price for natural gas and all the other activities that go on, including the dropping off a cliff of agricultural prices, the whole economy of Alberta suffers dramatically. Then as well your entire investment of the fund by being committed to Alberta also goes down the tubes with it. It seems to me it would be prudent for an overall investment of a trust fund, a savings fund, to diversify your portfolio so that you don't overly rely on a single industry, a single economy, a single province.

I agree that we need to strengthen and diversify the economy of Alberta, and I do believe it's a legitimate use of Heritage Savings Trust Fund investments to do that. But I also think it's prudent for the long-term stability of the fund to ensure we don't get overly committed to a single objective, a single direction, or a single form of investment that's totally reliant on how Alberta as an economy does.

So I don't have a great deal of concern over the fact that the commercial investment division, by making investments in Canadian equities, may be for companies whose head offices are not in Alberta – they may be in Toronto or in Vancouver or

perhaps Regina or Winnipeg – and whose chief business is in other provinces. I think that if we can rely on the Canadian economy and the companies that do business across the country, then perhaps when Alberta does poorly, other parts of the country do well and those investments become buoyant to offset the investments in Alberta that might not do well. If we're putting money in the Alberta investment division when Alberta does well, that's great. Perhaps some of these other investments in the commercial investment division don't do quite as well because the economy is not so buoyant in other parts of the country. But that's the nature of a diversified portfolio and one of the things that I think would be prudent in any investment strategy for the entire fund.

So I'd like the hon. member to sort of address these concerns and perhaps persuade me that I'm not misreading his intention here or that my concerns could be put to rest. But it would seem to me that this would not be prudent: to commit everything in the fund to the Alberta economy.

MR. CHAIRMAN: The Member for West Yellowhead.

MR. DOYLE: Thank you, Mr. Chairman. I share the views of my colleague from Calgary-Mountain View with regards to pulling all the money out of the Canadian economy and leaving it only in the Alberta economy. But I disagree very strongly that the heritage trust fund should be spending money on creating a better environment for families in Alberta by putting funds into alcohol abuse and drug abuse and at the same time investing in such companies that really have nothing to do with helping the economy of Alberta, companies such as John Labatt and Molson, Seagram, and those people who promote alcohol and other drug abuse. I think it's a very sad day when this government has to, on one hand, try and curb the misuse of drugs and alcohol in this province and, on the other hand, promote companies that do the direct opposite.

So, Mr. Chairman, some of these investments across Canada and in the Canadian economy certainly are wise and needed investments. There are many companies that operate not only in Canada but also in the province of Alberta and certainly strengthen the economy here: companies such as Sears, Canadian Tire, perhaps Fletcher Challenge, MacMillan Bloedel. They may not be the best environmentally friendly people, but I believe they are on the road to cleaning up some of the environmental concerns the people of Alberta have. Many of the oil companies, of course, are not just operating in Alberta but in Canada, so there's no reason to pull out of them and companies like ATCO, an Alberta company; TransAlta; and Canadian Utilities. All those invest outside the province and in fact make much more return on their dollars outside Alberta, on the investments they have in other parts of the country.

So, Mr. Chairman, the resolution certainly is in a positive way. I don't think we would achieve the goal of better return on our dollar if we were to pull out of the rest of the Canadian economy, but it would in no way affect the profits of the heritage trust fund if we were to pull out of companies such as John Labatt, Molson, and Seagram that promote the large sales of alcohol and other drugs. I think the money should be taken out of those companies and invested in other companies in this country that would in fact give a better environment for all people in Alberta and in Canada.

10:33

MR. CHAIRMAN: The Chair recognizes the Member for Edmonton-Centre.

REV. ROBERTS: Thank you. Mr. Chairman, some of the points I was going to make have already been taken by my two colleagues here, but I'd just like to re-echo them and maybe add a few other twists.

The Member for Calgary-Fish Creek again has brought forth a very thought-provoking and useful resolution for debate, but the first words that jump out at me are, you know, "the commercial investment division policy." What is that policy? Calgary-Mountain View read out from the statute what it's sort of intended to do, but I'm never clear, after two years on this committee, what sort of investment strategy is actually being used over there in Treasury. What do they really want to achieve? How are they going to achieve it? Who are they using for advisers, for assistance, for help in it, not just in a general sense of the overall policy but the actual investment strategy that's being used? I'm told they're a bunch of amateurs over there who really don't know how the money markets operate and aren't really up to date with the best technology, with how to get the best rate of return on the dollars that we have to invest, that in fact we're falling behind badly with how world money markets and investments globally are operating, and that in fact we're losing to our revenues millions and millions of dollars that could be managed by better money managers. I'm told that. I'm not entirely sure, but it does raise questions about the commercial investment division, or the cash and marketable securities division for that matter, what the actual investment strategy is, what the policy is that guides them, and what sort of advice they get that we in fact are getting the best rates of return that are possibly available.

So I wonder, in fact we were able to have a better managed portfolio, whether we shouldn't continue to rely on revenues from that coming to the General Revenue Fund, and that's how we strengthen and diversify the Alberta economy. We certainly have enough money in the Alberta investment division, in the capital projects division. I think that's more than adequate to have, in the member's terms, the tug-of-war pulled in that direction in terms of Alberta-based investments or local financial procurement programs, that we're using our own assets for our own benefit. But I do like the words of caution from Calgary-Mountain View that if we put all our eggs in one basket, if we invest the fund totally in Alberta, at those times when our own economy goes flat, so go flat the assets and investments that we have in this province. It makes sense to diversify that portfolio throughout Canada and, I even wonder whether we shouldn't debate, in the global money markets to get the best rates of return we can as a well-managed investment portfolio and not to have all our eggs in one basket.

I do wonder, too, though I'm not a specialist in these things, if we had all our eggs in the Alberta basket, what that would do to how our credit rating would be assessed by outside creditors, who would say, "Well, you know, they're just circulating the funds in their own jurisdiction." It might negatively affect our credit rating, because the more we invest globally, the better understanding they have of how Alberta dollars are managed, and hence a better credit rating.

The other issue I wanted to raise was that I agree that we have to be careful with – I'm not saying by all this that we just have to invest the money for the best possible rate of return in the most capitalistic, greedy-pig, windfall-profit manner that we possibly can. As I say, I'd like to move into better investment management, and we're going to talk about it later on today as well. I'm impressed by some investment managers – I think it's Templeton's, for instance – who have kind of ethical growth funds in them. On behalf of their clients they will manage huge

sums, billions of dollars, but according to certain ethical criteria. Again, I want to strengthen and diversify our economy, but I don't want to do it at the expense of exploiting and investing in the South African economy, for instance. People like Templeton's and others have been very successful in the management of ethical funds in ethical manners, and we need to get more into that.

Putting all our eggs in this one basket I think is an important debate, but I still want to tug in the other way, that we need to have a more diversified investment portfolio.

MR. CHAIRMAN: The Member for Ponoka-Rimbey.

MR. JONSON: Yes, Mr. Chairman. I'd like to make one comment with respect to the introductory comment with respect to the commercial investment division, and that is that we did have our informal meeting this year with the Provincial Treasurer, and I think it was a very useful meeting. I will admit that I was only able to attend the last part of it. Perhaps the hon. Member for Edmonton-Centre was there ahead of me and had to leave early, but I didn't notice him at that time. I think some of the questions that have been posed in this debate with respect to the investment operations of the commercial investment division would have been answered at that time. With respect to the recommendation, Mr. Chairman, I have to speak against it on one major point, and that is that I think here we're going to confuse the objectives of the commercial investment division. It is clearly there to make money for the fund at the highest possible rate, and if investing in pipeline companies is the best type of investment at the time, that's where the money should be invested. I would draw the attention of the mover of this recommendation and the committee to the deliberations of our committee last year. Recommendation 2 that was duly passed was:

That a new division be created in the Alberta Heritage Savings Trust Fund – the Economic Diversification Division – and that investments from this division be made in projects designed to expedite the diversification of the economy of Alberta.

So I think it's quite clear that as little as a year ago the will of the committee, which hasn't really changed that much over the year, was that we have a separate division with the clear objective of diversifying the economy and that we not confuse two somewhat divergent and sometimes contradictory purposes in the commercial investment division.

MR. CHAIRMAN: Thank you.

The Member for Edmonton-Meadowlark.

MR. MITCHELL: Mr. Chairman, I would like to offer my support for this resolution, in a sense not because it's perfect but because it addresses an important issue. I believe that, one, it is a fallback position from the earlier resolution by the member which calls for a much broader review of the entire Heritage Savings Trust Fund, and to that extent this resolution is weakened. But it is important to the extent that it draws attention to the lack of focus of this fund on diversification. The government has over the years said much at a rhetorical level what this fund was to have accomplished and what they claim it has accomplished, but I wholeheartedly support the Member for Calgary-Fish Creek's observation that in fact this particular feature of the fund has not supported diversification at all.

What this government has presented the people of Alberta is a bill of goods. The three objectives which the fund was to have achieved – rainy-day liquidity: uh uh; it's not liquid. Diver-

sification: wrong. In fact, of the entire fund, if you were generous in assessing what might be construed as diversification-focused investments, one would find that only about 15 percent outside, maximum, has been directed to real diversification projects. The third objective of replacing nonrenewable resource income addresses directly the quality of earnings of the fund, and of course as we know, that's a bogus achievement by this fund because so much of the "interest" that it "earns" is subsidized income from Crown corporations.

So, Mr. Chairman, I support this resolution, this recommendation, largely because it focuses so importantly upon the failure of this fund to achieve, to pursue diversification initiatives, and the importance that the fund in fact do that.

10-43

MR. CHAIRMAN: The Member for Calgary-Fish Creek to close debate.

MR. PAYNE: Mr. Chairman, I would like to thank both the government members and the opposition members for their comments today. I think it's been a very useful discussion. At least I hope that's the committee's view; it's certainly my view.

I would like to respond to one or two comments that have been made, though, by some of the members. The Member for Calgary-Mountain View quite properly pointed out that the primary objective of the commercial investment division is to yield a commercial return. It's quite proper that he should draw that to our attention. In fact, he used vocabulary you don't often hear from that side when he said that their objective is, frankly, to "make money." But then my agreement quickly eroded with his observation that my recommendation would abandon that purpose and bring it in line with some other objective. Well, that's simply not the case. Both he and the Member for Edmonton-Centre use language like "the Member for Calgary-Fish Creek is proposing to put all our eggs in one economic basket," that basket being the Alberta economy. Well, you know, those comments imply that to make money, first of all, you have to invest in companies that don't operate in Alberta, and that's obviously not the case. As far as the eggs in the basket allegation, I'm not much concerned whether or not a company is headquartered in Alberta. For me the crucial question is: does it operate in Alberta, and through its operations does it help strengthen our economy? That's the question.

Now, as far as Edmonton-Centre's kick in the shins at the Provincial Treasurer and the government about the absence of an investment strategy, I apologize for the need to again use language that may be foreign to the NDs' vocabulary, but to put it baldly and simply, investment decisions are targeted at the objective of a commercial return. That's the investment strategy, very simply stated.

Now, the Member for Ponoka-Rimbey, after he took an unfortunate shot at the Member for Edmonton-Centre's failure to attend the informal meeting of the Provincial Treasurer, also alleged – he picked up on the routine from the Member for Calgary-Mountain View – that my recommendation would confuse the objectives of the capital investment division. Let me repeat: it's not just an either/or consideration. There are lots of investment opportunities in Canada and Alberta that can, one, earn a commercial return and, two, help diversify the economy. It doesn't have to be one or the other. I submit, Mr. Chairman, it can certainly be both.

I know that the opposition perhaps will not attach much weight to a comment by the Premier. I would certainly hope my government colleagues might. Therefore, I would remind them

of the *Hansard* reference on page 211 wherein the Premier, in speaking to my proposed recommendation, said:

I agree with the general tenor of the member's remarks that since the Heritage Savings Trust Fund revenues have come so dramatically from the sale of oil and gas products, we do not want to then pour the dollars exclusively back into those areas, or even in a weighted way into them.

I appreciate the Premier for his well-expressed and explicit support of this recommendation, and I would humbly submit to the members present today that they do likewise.

MR. CHAIRMAN: Thank you. That concludes debate on number 11. I'm sorry, number 10. [interjection] The Chair has to start over again. That concludes number 9.

The Chair will recognize the Member for Calgary-Foothills to discuss recommendation 11.

11. Moved by Mrs. Black:

That the endowment be set up for the establishment of the family life and drug abuse foundation for the fiscal year 1991 provided that

- a) a co-ordinated approach exists between government departments - AADAC - and the private sector in order to avoid duplication, and
- b) the foundation not function on an ongoing operational basis.

MRS. BLACK: Thank you, Mr. Chairman. Last year a similar recommendation was put forward by the heritage trust fund committee. However, there was some concern expressed by the committee as to potential duplication of effort within the groups that are trying to address this terrible problem of substance abuse. The province has recognized through its throne speeches that there in fact exists a problem with substance abuse and in fact has tied it to problems within the family. A year ago a committee was struck to come back to the Legislature with recommendations as to the establishment of a family life and drug abuse foundation.

I think it would be naive if we didn't recognize that there is in fact a problem out there in the community and in society and a very grave problem in our very own province. As much as I hate to admit it, I think we've got a lot of problems in this area of substance abuse. Again, you cannot divorce them from problems with the family because one seems to be fuel to the other and to cause problems. We've recognized and said as a government and as a province that the family is the strength behind the province, and we must have strong families and strong communities. I think it's imperative that we address some of those problems, and one of those, I believe very strongly, is substance abuse.

Since we started addressing the problem, it's amazing the number of groups within our communities that have also tried to address the problem and to make people aware that this problem really does exist. Some of those groups come from the community, the local community centres, the schools, the corporate bodies, to government agencies. In fact, there was an article in the *Globe and Mail* on October 17 of this year. The headline is: "CEOs say drug, alcohol abuse rising." In fact, there's a chart; the question was: "To what extent do you believe substance abuse is affecting your organization in the following areas?" They list off absenteeism, and they say it affects 97 percent; employee health, 94 percent. Some indicated to a great extent, some to a lesser extent. The point is that they recognized that substance abuse is affecting the employees in the

workplace. You go all the way down, and productivity was 93 percent; employee morale, 73 percent; workmen's compensation claims, 64 percent.

I think it's quite clear, Mr. Chairman, that we have a problem and we have to address it, and I think we have to address it in a co-ordinated effort because there are some very effective programs that are already in place vis-à-vis the government and the community. I don't feel that it would be to our advantage to duplicate that effort because I think they've been doing a wonderful job. But we cannot expect these programs to do everything for everyone, and that's why I put the (a) portion of my recommendation through, that we have a co-ordinated approach with government and the private sector, because there's no point in spinning wheels on addressing this problem, because it will not go away.

The foundation, I feel, should be almost an umbrella that collects all of these various groups and then looks for methods to fill in the gaps, tries to fill in areas that we have not been able to address through the government or private sector. I think it's naive if some members think we don't have a drug problem, because we do, and this isn't a problem just with illicit street drugs; this is a problem with prescription drugs and alcohol. Alcohol is still the biggest source of abuse in this country, and it's not going away. We have people in programs in this province as young as toddlers that have got into alcohol abuse. We have young people in elementary school and junior high that are classified as dual users; that means alcohol and drugs. We have young adults who are starting off their careers that possibly got into the habit of abuse in their adolescent years, and it has carried forward into the workplace. We have senior citizens who, through no fault of their own, are addicted to prescription drugs.

10:53

We have a problem in this province, and I think it's time we quit hiding our heads in the sand and addressed that problem and got it in tow, because until we do, it is only going to increase; it is not going to go away. For members of this Assembly that don't believe there's a problem, I think all they have to do is visit some of the centres throughout this province and see the young people and the older people who are in those centres trying to deal with the addiction problem. All they have to do is go down to the corporate bodies and ask the corporate bodies what addiction problems have cost them on an annual basis when they've tried to send employees to private treatment centres, or when they've sent them through AADAC programs, what the cost has been to the employee, to his family, and to the corporation. I think they would be absolutely shocked at the dollars and cents and the personal burden that not only the employee but the corporate body has had to face. As I say, we can't ignore the problem, and I think it's time we deal with it and we deal with it head-on.

Thank you.

MR. CHAIRMAN: Thank you.

The Member for Lloydminster.

MR. CHERRY: Thanks, Mr. Chairman. I just want to reinforce what my good colleague from Calgary-Foothills has already spoken on.

I think one of the things we must realize is that there is a problem out there, a problem that has been with us for a number of years and is growing steadily unless we do something about it. I know she touched on our youth. This is

one area which I believe we most seriously have to touch on, our youth, and I know that perhaps two generations have gone by and have been involved in it. So many of them have been destroyed, but I think with this third generation, we'd better get on our toes and start doing something about it.

The education must start with the young person in the elementary schools today. It's disheartening to think that we have to be into the schools and educating young people in that manner. I think, personally, that a lot of it has to fall on the parenting part of it. Today, as we know, we have a very, very different society than we had a number of years ago, and so the parents have to do an extra special job in looking after their children and in educating their children also. I think it's an involvement of communities – not government, but communities – of individuals, volunteers, in the communities to see what can be done. I know in the community which I represent, they are doing that. They started that a year ago, where there are committees out there that are addressing this problem; not only the teachers, but the volunteers are addressing it also.

I think this foundation will be one of the cornerstones in our future on drug abuse. Thank you.

REV. ROBERTS: Mr. Chairman, I have a number of real concerns about this resolution. I just don't think that what we have here is adequate enough and so will not be supporting it. The members who have spoken have certainly misrepresented some of the criticism that I've raised about this. It's not that we don't see that there's a problem out there. I mean, it's clear any way you want to look at it – from a health care point of view, from a family breakup point of view, from any points of view – that there is a major problem in terms of drug abuse in the province and in western life and throughout the world. The question is how to best resolve it, how to best get at it and meet some of the unmet needs.

There are many of us who think that AADAC has been front and centre throughout Canada with how those needs can and should have been met. The Member for Lethbridge-West was there. I mean, it just took off. Subsequently, of course, we know it's had its budgetary amounts cut year after year after year. Now it sounds like we have this foundation which is set up, and I'm hearing different words about what its function is to be, an umbrella or the rest, but I understand that it's to do research into this area. Well, we've had enough research into this. I mean, between what AADAC is already doing in terms of research, what the medical and other communities are doing in it, what the Addiction Research Foundation in Ontario – you can plug into any data bank throughout North America and get the most up-to-date research in this area. Research is not the question; the question is implementing programs to really meet needs in the communities, in the homes of people. So I think it's misguided. You know, it doesn't even say how much – I thought it was \$200 million – to do more research, which is out there in abundance, when in fact what isn't there in abundance are the detox centres, the treatment centres, the counselors, the people who really are going to help meet some of the needs and implement the research that already exists.

Furthermore, if we're going to do research, let's do it in two areas. One is – and I haven't seen it addressed. I keep asking why we don't do more research into not drug abuse or family life or all the rest but into what causes addictive personalities, what causes addictive behaviours. I don't know whether it's chemically based or genetically based or environmentally based. Some people are just addicted to things or get addicted to things, and no matter how good their family life is or whatever else, there's

just things that go off in those synaptic junctions in the brain which cause them to have certain pleasures from certain substances which they just can't put down.

MR. TAYLOR: Like smoking.

REV. ROBERTS: Smoking, chocolates, heroin, cocaine, whatever. That's what we need to get at, and as I say, work has already been done in that area. I haven't heard it discussed in terms of what this foundation would do.

The other area we need to do research in is in the legalization of these substances. I think, from what I have heard, that the illicit nature of certain drugs is what really fuels the economy of Brazil and many countries in Latin and South America where the . . . You know, if you want to be capitalists and conservatives and free-market people, then put it on the free market. Don't make an illicit market, which causes the price to go sky-high, causes traffickers to make millions and millions of dollars, and causes family breakup here in Alberta because people spend all their lives trying to feed their habit to pay these drug traffickers. I mean, there are those who argue, and I think persuasively, that if certain people are addicted to certain chemical substances and if that were made freely available to them to get their sort of daily fix and not have to spend their income, their wife's income, and their children's income on such substances, in fact their appetite would be satiated but the family wouldn't be bankrupt in the process.

Now, I know it's a very controversial area and needs lots of further debate and discussion, but I think it's an area – well, again I haven't heard it debated here. Is the foundation going to look at those kinds of questions? Are we really going to look at the criminal justice system and into the marketing of drugs and trafficking and the whole system? I think if you want a real war on drugs, that's where you get at it. It's the war on how the drugs are marketed.

Anyway, those are my points on the research side. I would like to emphasize in part (b) that I'm just again not clear on "the foundation not function on an ongoing operational basis," because I thought it was going to be parallel to the structure of the Heritage Foundation for Medical Research, which I had thought operates on a kind of operational basis. If this is not to provide operational funding to AADAC, on this again I must disagree because, if anything, we need a foundation which is going to provide a guaranteed and a growing number of operating dollars for AADAC. As I say, it's treatment centres, it's detox centres, it's counselors and all the rest. So that's where the emphasis should be. That's where we in the New Democrat caucus have been trying to put the emphasis and the priority. To me, further funding of research, particularly when in my view it hasn't been discussed to be research that's really on the cutting edge of what needs to be researched . . . If we want to just look at how to develop better programs to meet more of the needs, that's already well in place, and we should get on and fund that operationally and not have a separate glittery endowment with a family life and drug abuse name, which might serve some political purposes but doesn't serve the needs that are really out there in our province.

11:03

MR. CHAIRMAN: Thank you.

The Member for Westlock-Sturgeon.

MR. TAYLOR: Thank you very much, Mr. Chairman. I'd like to express my support for the resolution, although I can see

some blemishes. But it's very hard to work out a perfect resolution. I can see some of the concerns that the Member for Edmonton-Centre mentioned. I was a little bit bothered at the fact that he had put chocolate on the prohibited list. I buy it in a free market and am quite addicted to it, and I was hoping we wouldn't get to chocolate for a while yet as far as stopping it as substance abuse.

The Member for Edmonton-Centre then criticized the recommendation for concentrating on research and then promptly took 80 percent of his speech outlining areas that should be researched. I had a little difficulty understanding his criticism because the very areas he was talking about that should be researched as to why and how – and they could also be researched in administration – are what would be covered by this recommendation. I do think that possibly the mover and the first supporter, the hon. Member for Lloydminster, might have concentrated overly much on the problem out there. Everybody realizes the problem; what we're trying to do is get at tackling it.

One of the reasons I withdrew my resolution 22 in favour of this one was that I thought this covered it, although in a very general way. Certainly I assumed that in portion (a), when she talks about "a co-ordinated approach exists between government departments – AADAC – and the private sector," she was also talking about government departments such as workers' compensation and career development, which certainly have problems with drug abusers causing excessive costs and changes in the type of planning and training that's needed there. Also, the occupational health, research, and safety heritage grant program I feel has been less than diligent in working on substance abuse. These certainly should all be co-ordinated under AADAC, and I believe that's what the hon. Member for Calgary-Foothills means when she puts in clause (a).

Clause (b), I took an entirely different concept, and maybe I'm dwelling in a fool's paradise. The hon. member could correct me, but I assumed that when she said "the foundation not function on an ongoing operational basis," this was the ordinary, backhanded, subtle way that a backbencher is allowed to kick the government in the rump and tell them not to put out a whole new bureaucracy for the family life and drug abuse foundation and, indeed, use the operational features of AADAC. I thought it was just politicalese, you might say, for gently slapping the government's fingers and telling them, "Let's not have a parallel bureaucracy; let's use the bureaucracy that AADAC has, and therefore we don't need an operational basis for the foundation." If she would, when she terminates her speech, enlighten me a little on this, I would appreciate it.

Thanks.

MR. CHAIRMAN: Thank you.

The Member for Clover Bar.

MR. GESELL: Thank you, Mr. Chairman. I have to admit that certain parts of this recommendation appeal to me, but I have some difficulties with it, and because of those difficulties I will not be able to support it.

Now, the intention to set up the family life and drug abuse foundation is a good one, and the statement under (a), that there be a co-ordinated approach between government departments and the private sector in order to avoid duplication, I think appeals to me because it makes common sense. However, we've had some ongoing discussions about what the family life and drug abuse foundation will do, what AADAC does, and

what the private sector does. Even the Member for Edmonton-Centre referred to that. The functions are quite different.

I see that AADAC – and it's been mentioned here – concentrates more on the treatment centres, detox centres, and all of the rest of the treatment of the problem as it exists. Now, it does do research but not in the same way that I would see the family life and drug abuse foundation undertaking research. The Member for Edmonton-Centre indicates that, well, we've got enough research; we should just go on and solve the problem. Then in the same breath he talks about research that we should be undertaking in order to find out what causes that addictive behaviour, and research into legalization. On one hand, there's an indication that we've got enough research, and on the other, he gives some perfect examples of where we need to do research.

Well, I see the family life and drug abuse foundation undertaking some very pure research into what actually happens when people become addicted. What actually happens to their behaviour? There has been some fairly recent research done in the United States with respect to that, and that's where I see that we should exchange some of that research information rather than duplicating that. That research deals with the reinforcement that occurs in drug users in the neural receptors in the brain. It's a vicious circle that occurs, where the desire to take drugs is reinforced almost as a reflex type of situation; it's almost like a Pavlov situation that is created there. Now, they've done some preliminary work on that, but in order to actively solve the problem of substance abuse, I think we need to understand very clearly what it is that causes people to actually crave those substances and do all sorts of things in order to get them. That is really the main difficulty I see, and that's where I see this family life and drug abuse foundation doing some very pure research into understanding what motivates people, what our brains tell us with respect to substances and substance abuse. There is some very preliminary work in that area, and I see that this foundation should carry on that very important work so that we can achieve some solutions to a problem that I agree we have right now and that probably will grow.

Now, I also feel there is some advantage when we are undertaking some research in parallel. So even if AADAC does undertake certain research in a particular area, I have no difficulty if there is research in a similar field going on with the family life and drug abuse foundation or even with the private sector. As long as there is that sharing of information, that intellectual property, that research, I think it's a beneficial thing because it prompts maybe some solutions, some new avenue of research within all three of those bodies: AADAC, the family life and drug abuse foundation, and maybe private researchers. They build upon each other, and I think it's critical for that.

The comment that there should be a co-ordinated approach is so obvious that I have difficulty with it. Obviously, I don't feel we should duplicate the effort, but if there is research in parallel fields going on, that's just a fact of life. When you look at most of the inventions that have occurred or the advances that have been made in research, there usually are people that are working in the same area. It's the co-ordination that's important. I think that's obvious, and that assurance has been given, I think, in discussions in the House when some specific questions on that matter were raised with the Premier.

The last part, Mr. Chairman, item (b), that "the foundation not function on an ongoing operational basis," really creates some problems with me. Because if you're doing pure research and you're getting into a problem, if you're trying to solve a particular situation and understand that situation, how can you

say that you then operate for a limited period of time? I don't think it's reasonable to do that. Research does not function that way. It's an ongoing process by definition of research. It leads to other areas of endeavour. It may even lead to research into drug abuse that we haven't even experienced at this point in time that they may have to address in the future.

Mr. Chairman, although I believe the intention of the member to have the family life and drug abuse foundation up and running is excellent and I agree with that part of it, I certainly have some difficulties with the specific direction that is provided of how they are to function. Thank you.

11:13

MR. CHAIRMAN: Thank you.

The Member for Edmonton-Meadowlark.

MR. MITCHELL: Thank you, Mr. Chairman. We're in a quandary here because, on the one hand, we appreciate what the Member for Calgary-Foothills is saying by virtue of this resolution. I think this is a classic case of a government backbencher who truly understands the error of a given policy, a policy that's been not only endorsed but personally initiated by the leader of her cabinet and caucus and party, the Premier of Alberta, and who truly is opposed to the family life and drug abuse foundation. She has tried to find some way to reconcile that opposition, as correct as it is, with the fact that she doesn't want to offend the Premier, her Premier and the leader of her party. The fact of the matter is that this proposal embodied in this recommendation would be a slight improvement over the aggressive kind of family life and drug abuse foundation that was proposed by the Premier if only because it would slightly diminish, possibly, the duplication with AADAC that's inherent in the Premier's proposal. However, on reflection, that's not good enough.

The motivation of Calgary-Foothills for this particular recommendation is right. She is opposed to the family life and drug abuse foundation because it is a ridiculous proposal to duplicate bureaucracy that already exists in AADAC. It's not as though AADAC couldn't fulfill every last function that may or may not be contemplated by the Premier. It isn't good enough for us as a committee, or for any member of that backbench government, to be driven to support in any way, however shaded or shaved that support may be by this resolution, a proposal that struck the Premier one day, I believe, in question period as he stood up and which he spat out because it was on his mind. It is an ill-conceived, poorly thought out proposal that will not achieve what it is that the Premier and this government thinks maybe it wants to achieve, that will only duplicate an agency, AADAC, that already operates extremely well, that has only distinguished itself positively in what it's done in the past, and that could utilize whatever money it is that the Premier wants to give this foundation much, much better without the duplication that's inherent in the Premier's proposal.

The fact of the matter is that the Member for Calgary-Foothills should be congratulated for her initial intention; that is, to express a profound concern with this family life and drug abuse foundation as it has been construed to this point. The problem is that she hasn't had the courage to stand up and go far enough and say: "I am sorry, Mr. Premier. It is wrong to do this in the way you want to do it, and we're not going to support your particular pet project just because it struck you one day as you stood up in the House and had to find something to say. No, I'm not voting for this."

MR. CHAIRMAN: The Member for Calgary-Foothills, to close debate.

MRS. BLACK: Thank you, Mr. Chairman. Now I guess I have to respond to whatever Edmonton-Meadowlark was trying to get at. I want to assure him that at five foot 10 and a half I'm not afraid to stand up and say anything. So don't be concerned. I am definitely in favour of the drug abuse foundation.

MR. MITCHELL: This is the most classic . . .

MR. CHAIRMAN: Order.

MRS. BLACK: I would appreciate the floor, Mr. Chairman.

MR. TAYLOR: Afraid of the little fellows, are you?

MRS. BLACK: Not at all. I've squished many of them over the years, my dear.

In any event, Mr. Chairman, I've never heard such utter lunacy come out of the mouth of Edmonton-Meadowlark in all the time I've sat in committee with him. I've heard a lot of crazy things come out of his mouth, but that is utter lunacy.

MR. MITCHELL: So now we're going to reduce ourselves to personal . . .

MR. CHAIRMAN: Order.

MRS. BLACK: I have worked on this project . . . [interjections]

MR. CHAIRMAN: Order. Hon. Member for Edmonton-Meadowlark, now, the member sat quietly while you spoke.

MR. MITCHELL: I didn't insult her.

MR. CHAIRMAN: She would expect the same courtesy from you.

MRS. BLACK: You know, there's an old saying that sometimes little men try to make up for their deficiencies in size by shooting off their mouth. [interjections] I would really appreciate the floor, Mr. Chairman, as I sat and listened to what my motives were, even though they were so far-fetched and I am so furious to have someone indicate what my motives are without even giving me the courtesy of talking to me about what my motives are, and indicating what my Premier's motives are.

Just so the member knows, when the committee was formed, the Premier phoned and asked me if I would be interested in sitting on that committee, because I had expressed prior to the committee being formed a desire to address addiction problems within this province, something I had been involved in long before I became an MLA. So I take great exception to someone indicating motive on my part or on the part of my Premier. He made a commitment to this province, and we're sticking by it. That's perfectly clear.

Now, what I would like to see happen, first of all, is I would like to see the members read the report from the family life and drug abuse committee that was tabled in this House in the last session. If, in fact, they had read that report, they would realize that the mandate that committee had been given is to look at education, prevention, treatment, and research. If they had read that report, I think the committee also made it perfectly clear

that AADAC is the leader in addiction/abuse not only in Canada but throughout North America. In fact, last year AADAC received, I believe it was, 14 or 15 international awards for excellence on the delivery of service. There has absolutely never been any indication that AADAC was not or is not doing the job they were given, because they have surpassed that. They have been recognized worldwide. They are an operational body, and that is a big difference.

Now, I'd like to go back for a minute, Mr. Chairman, to Edmonton-Centre. I can't believe - he claims he's read the report - he would make statements that AADAC should be front and centre. AADAC is front and centre. In fact, AADAC is just opening its new adolescents' clinic in Calgary this next month. It will be one of the best adolescents' centres in North America. I think that's something we can all be very proud of. I think AADAC supplies a lot of needs and services people in this province, but AADAC cannot do everything. We have other groups out in the community that supply services to individuals. We have groups like The Back Door, like Avenue 15, like the Exit program, that service kids that are street kids, that service kids that are runaways. AADAC cannot do everything. I think we need a co-ordinated effort to lick this problem, and we have to pull all of these groups together to address it and address it head-on. I really wish members would have read our report.

The concept of legalizing drugs? Boy, I hope that's not the policy of the ND Party. Legalizing illicit street drugs in Canada? If you want to have ruination take place, go ahead and do that. The hon. Member for Edmonton-Centre thought it would eliminate the spouse taking the income from the family if we legalized it? Get real. Get out on the street and see what's happening. That isn't even a realistic approach to anything. That to me is absolute, total naivety that is coming through.

The Member for Westlock-Sturgeon . . .

MR. MOORE: A real gentleman.

11:23

MRS. BLACK: A scholar and a gentleman, I must say.

Again, in the last two days we agreed on something. He was absolutely correct. When I said in my first condition a co-ordinated effort between government departments, I meant all government departments: Occupational Health and Safety, the Solicitor General, Education, social services. The whole government has to be co-ordinated on this approach, because in every area we have found that we are affected by substance abuse. It is not just AADAC; it is throughout. So we have to address it from every vehicle possible, and certainly I think there's been proof - and I appreciated the withdrawal of his recommendation. I think he is well aware, because of his business background, of the effects that addiction has had on the workplace. I think it's very apparent that we have to address that and we have to work with the corporate bodies to try and alleviate the addiction/abuse in the workplace, not only for the safety of the individual but for the cost to the corporation.

He was correct in his assumption on (b), that "the foundation not function on an ongoing operational basis." He called it, I guess, a backbencher's kick in the pants to government bureaucracy, and I guess you're absolutely correct. I don't feel the foundation should be another level of government bureaucracy.

MR. MITCHELL: Well, that's what it's going to be.

MRS. BLACK: Again, Edmonton-Meadowlark has got his two bits in.

Mr. Chairman, I feel the foundation should be more of a director, a director of traffic. There are groups out there that would come to the foundation with a new idea, a new approach, and ask the foundation, in co-ordination and conjunction with other government departments, to help fund a pilot project or a new concept. I think that's important, but I would certainly hate to see the foundation develop into another large bureaucracy. We have a bureaucracy in AADAC that provides the operational side of drug and alcohol abuse, and I think that has to be utilized before the foundation develops into something very large and out of control. I would agree with Westlock-Sturgeon. I think he's right on the mark on that. It is an effort to keep down the bureaucracy.

Clover Bar asked: why is someone addicted? Boy, that's the sixty-four-thousand-dollar question. If anybody knew the answer to that, they would have cured this problem long ago. We had presentations from medical groups from the United States and from the universities in Canada that indicated that yes, in fact some of it is a genetic defect that occurs, and they can in fact genetically trace some of the addiction; others they cannot.

I don't think we can sit and wait to try and find out why someone is addicted. I think we have to use our resources to prevent addiction. One of the ways we do that is we go through awareness programs, education which leads to prevention. If you can get hold of people at an early enough stage, you can stop the spread of this addiction through our society. I think that's the effort we have to make as a government, and a direction that we have to give this foundation is, in fact, to look at education, prevention, certainly treatment, and research. I think you can do a lot of research yet on addiction. I know there are storage rooms full of research on addiction, but we haven't found the answers yet, so I guess you cannot stop. I think we have to continue on.

I think this foundation is important. Our government has made a commitment to it, our Premier completely backs it, and I was delighted and honoured when he asked me to be a part of the family life and drug abuse foundation committee, because this is a project that I was hoping to enter into long before I was elected to this House. I think it's something that must go ahead, and as I stressed, it must go ahead in a co-ordinated effort.

Thank you.

MR. CHAIRMAN: Thank you. That concludes discussion on recommendation 11.

We'll move to recommendation 12 and recognize the Member for Lacombe.

12. Moved by Mr. Moore:

That before any consideration be given in the future to renewing the occupational health and safety heritage grant program, all past approved projects be reviewed as to the true beneficial impact on individuals and society at large so as to gauge the actual productive value to taxpayers.

MR. MOORE: Thanks, Mr. Chairman. I was sitting here sort of meditating over the last remarks, and I don't intend to give you as many points on this one.

We as a committee recommended last year that the occupational health and safety heritage grant program be extended

when its term comes up next March 31. However, in my recommendation I say we should do an evaluation before we renew that grant program. I think any program that's been in effect for a number of years should have an evaluation to see if we should change direction or improve it in any way, and in this particular program I think there are a considerable number of areas that we should look at and really evaluate what it did for the taxpayers of Alberta for the money we put into it.

I looked at our past programs, and one that comes to mind right away is that the city of Red Deer gets \$60,000 to become a safe city. I see the town of Hanna gets so much to become a safe town. Now, I'm very, very familiar with both of those areas, Mr. Chairman, and I compare Hanna and Lacombe. I drive down those streets; I see no difference in them. I just don't see that Hanna is any safer a place to be in than Lacombe. Yet they got a grant to do that. I go down to Red Deer, and I go down the streets of Wetaskiwin close by. I don't feel any safer on anybody's streets, I don't see anything that shows to me that that \$60,000 Red Deer got made it any better a city, one iota better, than the city of Wetaskiwin, because those dedicated officials in Wetaskiwin are just as concerned about their city being safe as the city of Red Deer, yet we gave them a handout of \$60,000 under this program.

When I look at that, I say we should evaluate this. What are we doing? Because Red Deer and Hanna went in there and gave a nice presentation on paper: motherhood. Anybody can do it for their project, give a motherhood report to this granting institution, and if they can look so nice - it's motherhood - they say, "Well, give it to them." But we should do an evaluation and see exactly what did we create or what did we do that made an improvement down in those places.

I also see several of them there given out to companies; they do research on back injuries. There isn't anyone in this House that will not agree that back injury is one of the major injuries we have in the workplace. Workers' Compensation will tell you that the majority of their cases and recurring ailments come from back injuries. So it seems that every company gets a little grant to do some research in this, and there are several in there, if you look at it. But when I asked the minister about the co-ordination of this, I said, you know, if we were to take all the funds from those companies that are interested in putting some of their money into research and the little bit we give them out of this and did one good research project as a joint project between the heritage trust fund and that sector, we'd be far more effective than piecemealing it out on all these little deals, and they all come in with their little assessment at the end, their little reports.

By the way, I've been asking for a report on these back injuries, and you know what most of the reports are that are coming back from these companies? It says proper education of the individual on how to lift and da, da, da, da, da. This is it. This is the theme. Well, I heard that when I injured by back 30 years ago. You've got to learn to lift right. Nothing has changed, but we're putting money into these projects: that is what I'm saying here. Before we go on, let's do an evaluation of this particular program, and I'd like to see it done on all research projects. Let's do an evaluation before we go back and extend it.

Mr. Chairman, everyone in this House approximately every year goes for an evaluation before they say we can go on. Every job you have, you have a performance that says, "Before we say you get an increase in pay or whether you're going to be terminated, you go through an evaluation process." I think we should do it on this particular one. Do an evaluation of it. We

may find that most of these are excellent deals. On the other hand, I would think we would find that we should do a lot of soul-searching on how we're giving this money out and who to give it out to and what the end results are going to be before we give it out.

11:33

MR. CHAIRMAN: Thank you.

The Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. Well, I'm going to shock the hon. member by saying that many of the things he has just said I agree wholeheartedly with. It's always been a bugbear of mine that we should be seeking greater accountability for investments and for spending, and a key element to ensure accountability is an evaluation process. In looking at the general thrust that the member is taking here with his motion, I can agree that it's important that we do a review of this heritage grant program to determine what effects it's had, what success it's had, and what shortcomings there may be, which would mean sort of going back to the original mandate and seeing how successfully it has met that particular mandate.

I would say, though, Mr. Chairman, that when you word a motion that says "all past approved projects," that's a considerable number of projects. Like, I think it's literally into the hundreds. Some of the projects might have been only perhaps a thousand dollars or a couple of thousand dollars. It might be difficult to do an evaluation that is less expensive than the projects. That is, to do a proper evaluation, it might cost you \$10,000 where in fact the project only received \$4,000 or \$5,000. I think there has to be some cost benefit in terms of perhaps doing a random sample or a representative sample of projects rather than doing every single project that has been approved for funding. So that would be one concern, that in terms of the specific wording of the motion, that might be a bit too limiting just to say "all past approved projects."

Another concern: "actual productive value to taxpayers." I think that's important. I think it's also important that we evaluate what the impact has been on workers. After all, this is occupational health and safety, and the people that should be the object of our concern are people in the workplace, working people. There's no specific reference made to the intended recipients who were intended to benefit from this program. I would hope that if this motion is adopted . . . I guess it's maybe too late at this point to make specific changes in the wording of the recommendations. I would have preferred to have seen a specific reference made to the original mandate to increase the occupational health and safety of Alberta workers. I think any evaluation would have to have that particular mandate in terms of the impact of this program and what it's done to improve the occupational life of working people in this province.

Some specific concerns about the particular words that are in the motion, but certainly I have no hesitation in supporting the general thrust of the motion that a comprehensive evaluation be done on this particular program.

MR. CHAIRMAN: The Member for Westlock-Sturgeon.

MR. TAYLOR: Thank you, Mr. Chairman. I, too, like the most recent speaker, find myself supporting things. It may be enough to sink the hon. Member for Lacombe's resolution when it gets back to caucus, because they will say that anything that Hawkesworth and Taylor agree on surely can't be that good for the Tory party. Nevertheless, let's see what will happen. On the

other hand, I might assure the backbenchers over there that we might be playing a game. Maybe we're saying that we are for it when we're really against it, knowing that they will then jump out and do it the other way around, kill it. So we'll just leave them with that little quandary and hope that causes a great deal of concern down the road as to what the caucus will say on how to vote.

I do want to bring up one part, I think, an area that the hon. Member for Lacombe hits on. A number of years ago I used to work with some fairly large corporations, back in the days when our vice-president of employee relations – really the only way he or she could lose their job was by not accessing all that free government money to go out and help train our own employees. My own observation over the years, and I don't have anything concrete to back this up, was that the people that were accessing the occupational health and safety heritage grant programs were quite often some of the wealthiest people and companies in our society and could well afford to do it themselves except that they were taking advantage of an ambitious cabinet minister plus a maybe overloaded with money government to get in there and tap it and suck off some for their own use. Consequently, I think a lot of the money that's spent for safety training programs can be accomplished by the government forcing employers to come up with proper training programs that they should have been paying for in the first place rather than getting handouts of the taxpayers' dollars. We could probably put our dollars in better areas. So I think it's well worth while to examine just what has happened to a lot of that past money to see whether it in effect did only replace what should have been corporate and employer funds anyway in the first place.

MR. CHAIRMAN: Thank you.

With the permission of the committee the Chair would like to recognize a class of school students that have just entered the gallery. I understand that it's the students from the Dapp school from the Athabasca-Lac La Biche constituency. We'd welcome them to be with us. Will you please stand.

For the benefit of the class we would advise you that you are watching the proceedings of the Alberta Heritage Savings Trust Fund select committee. We are presently debating recommendations that have been put forward by various members of the committee. We welcome you here with us today.

We now recognize the Member for Lacombe to close debate on his recommendation.

MR. MOORE: Thank you, Mr. Chairman. I appreciated the comments of my various colleagues here. I do agree that there is a cost factor. The hon. Member for Calgary-Mountain View brought out the cost factor, and there is a cost factor there. He also brought out the fact that we should be very conscious of the impact on workers on these research areas.

I, too, share that concern that we do not lose sight of the workers and the impact these research projects will have on workers, and that's why I put in the motion "as to the true beneficial impact on individuals." I meant individual workers as well as individuals there. Workers are a concern of all of us and should be the concern of all of us here.

[Mr. Payne in the Chair]

Also, my friend and colleague from Westlock-Sturgeon brought out the point that some of these companies could well pay for it themselves and should be doing it. They have a moral obligation to be looking into a lot of this and should be doing

it, and I agree that is so. We should be saying that to them. Rather than providing them the money to do the various work they should do themselves, tell them to do that. This could very well be. However, I appreciate the support I have received on this, and hopefully we will do a review of it and make this grant program more productive for the workers, for the citizens of Alberta.

11:43

MR. ACTING DEPUTY CHAIRMAN: Calgary-Mountain View, recommendation 13.

MR. HAWKESWORTH: Thank you, Mr. Chairman. Perhaps I could just make some comments about both 13 and 14 at the same time. Perhaps it will help speed up our deliberations a bit.

MR. ACTING DEPUTY CHAIRMAN: Excuse me, hon. member. On that note I suppose I should get concurrence from the committee that they're prepared to debate simultaneously recommendations 13 and 14. Do I have the concurrence of the committee?

HON. MEMBERS: Agreed.

13. Moved by Mr. Hawkesworth:
That financial investments of the Alberta Heritage Savings Trust Fund be made or retained in those companies which follow or practise sound environmental policies and activities.

14. Moved by Mr. Hawkesworth:
That proposed investments of the Alberta Heritage Savings Trust Fund in individual projects be made after those projects have received approval from a full and public environmental impact assessment process.

MR. HAWKESWORTH: Thank you, Mr. Chairman. I could do either one at a time or the two together, and I appreciate it.

Proposed recommendation 13 is in regard to companies that receive investments from the Heritage Savings Trust Fund, and recommendation 14 has to do with specific projects that are approved for investment or participation with funding from the Alberta heritage trust fund.

If one were just to glance through the financial statements of the Heritage Savings Trust Fund, there are all kinds of companies that receive various forms of investment from the trust fund. There are Crown corporations in other provinces. Under the Canada investment division, for example, there's Hydro-Québec; there's Nova Scotia Power Corporation; Newfoundland and Labrador Hydro. If we look at Alberta investment division investments, there are quite a number there: corporate debentures in companies such as Millar Western Pulp, Nova Corporation, Ridley Grain; the trust fund holds shares in Alberta Energy Company, for example, or Canadian Western Bank. If we go to the commercial investment division, there are literally dozens of Canadian publicly traded companies in which the Heritage Savings Trust Fund has been invested, all the way from communications and media to pipelines and paper and forest products.

[Mr. Jonson in the Chair]

What I would like to see, and I was unable to really get any clear answer from the Minister of the Environment when he was

here, is that when the investment committee, being cabinet, takes a look at its portfolio, do they give any thought or consideration whatsoever to the environmental practices of these companies? You know, not to pick on any of them, but many of them do have very good environmental practices and policies. Some of them in the newspaper industry, for example, have moved to printing their newspapers on recycled paper. Others have not yet moved in that direction. Some are in a line of industry that I would call green. I would think that many of the telecommunications companies do follow sound environmental policies or practices and are in a line of industry that one might call green or environmentally friendly.

But there are some that I have concerns about, and there doesn't seem to be any mechanism to review them, whether it be mining companies or forest and pulp and paper industries that are having a tremendously negative impact on our environment. I've heard the Minister of the Environment here in this House complain about those smelly, dirty pulp mills in eastern Canada. I asked myself: if they are so terrible, perhaps the investment committee, which is cabinet, should take a look at whether we want to have Heritage Savings Trust Fund money continue to remain in those companies if they don't clean up their act. If, of course, a company has in place a plan over time to clean up its act, to become more environmentally friendly and recognize the impact of their operations on the environment, then as a shareholder in that company I think we should give them kudos for that and encourage them to continue. But if companies are not prepared to make those changes, then I think it's wrong for the Heritage Savings Trust Fund to be investing in companies that in essence undermine the heritage that we're going to be passing on to our children and grandchildren.

So it's simply to put in place an investment screen, I think is the right term to be used, Mr. Chairman, that the investment committee would use in reviewing the entire portfolio of the Heritage Savings Trust Fund to determine whether the companies that do have these investments are meeting that criteria or intend to meet that criteria over the next few years. If that's the case, then let's retain our investment if it is going to maintain a reasonable rate of return and profit for the trust fund. But if they're not prepared to make those changes in their practices or policies or activities, then I believe the trust fund should divest itself of those investments.

In a like manner, Mr. Chairman, in terms of specific projects that the trust fund is making investments in – and there are some I could point out, especially under the Alberta investment division; there's the upgrader project and OSLO as two examples. Before further investments are made in those . . . Well, I think some of these are past the post and would not be appropriate, but for new projects coming along, they ought to receive approval from a full and public environmental impact assessment before the trust fund commits Heritage Savings Trust Fund moneys to those particular projects, again, for the reason I pointed out earlier, that I don't believe it's the intention or wish of people of Alberta to use Heritage Savings Trust Fund investments if it's going to have the effect of destroying the very heritage that we want to pass on to our children and grandchildren.

In a like manner, if an approach is made by other provinces for investment in particular projects – they need funding – or a company comes forward that needs funding for some future project, I think it should be a question asked by the investment committee: has this project undergone and been approved through an environmental impact assessment? If the answer is yes, then by all means proceed. If the answer is no, then it

should be a requirement that work be done in order to get that approval before the trust fund would make the commitment of financing.

Basically, Mr. Chairman, that's the intent and what I think would be the practical impact of adopting the two proposed resolutions in front of us.

MR. DEPUTY CHAIRMAN: The Member for Westlock-Sturgeon.

MR. TAYLOR: Thank you, Mr. Chairman. I have no trouble with 13. I think that investing in something with sound environmental policies is a given of today's day and age, because if you looked at the opposite, it would be to invest in ones with unsound environmental policies. So I think that is a motherhood resolution. I have no trouble supporting it, although maybe it's not true to say it's motherhood because I do think we can wield a very positive influence with the heritage trust fund because of the size we have, maybe bringing some companies into line if they have some unsound environmental policies by threatening to withdraw our investments or refusing to make investments. So that is a good one.

[Mr. Ady in the Chair]

The second one I have trouble understanding. Maybe I shouldn't have approved doing the two together. This is where the hon. member can enlighten me when he makes his summation. It says: proposed investments of the heritage trust fund be made after those projects have received approval. My understanding is that now all proposals to invest the heritage trust funds are subject anyhow to all the approvals going through. In other words, the trust fund does not hand money over to a pulp and paper company or a steel company until they're ready and have all the other permits under way. In other words, I don't quite understand that statement. If it's to come out and say, "Well, we won't even look at your proposal until you've got your environmental clearances," that makes it almost impossible to get the thing off the ground. Being involved in many projects through the years, quite often you line up your financing subject to this, subject to this, subject to that. I think there's nothing wrong with the Alberta heritage trust fund saying, "We'll finance this subject to these others," one of which will be an environmental thing. Maybe you could enlighten me a little there. I think they're already doing that, in other words.

11:53

The next one is: "those projects have received approval from a full and public environmental impact assessment process." Well, I think the mechanism that forces a project to go to an environmental impact process shouldn't have to rely on the Alberta heritage trust fund. In other words, whether something goes to an environmental impact assessment should be the Department of the Environment and the people, the taxpayers through their government realizing that this project has environmental fallout and should have nothing to do with the heritage trust fund. In other words, I don't see why . . . Again, the Member for Calgary-Mountain View could help me out. Is he saying that this heritage trust fund is going to be an extra policeman over the Minister of the Environment? Is this going to be that if the process we now have set in place overlooks asking for an environmental assessment, the Alberta heritage trust fund could ask for the environmental assessment? I don't think that's the intention. I don't think we should be loading

that bureaucracy onto this too. I think it should be just that this fund will not invest unless the environmental project has gone out of the way.

Those are two sort of questions I'd like to ask. Thank you very much.

MR. CHAIRMAN: Thank you.

The Member for Calgary-Mountain View, did you wish to close debate?

MR. HAWKESWORTH: Are there no further comments?

MR. CHAIRMAN: I have no other speakers.

MR. HAWKESWORTH: Okay. If you have no further, then I'll follow up on the questions.

Well, I'd like to just summarize very briefly and answer the questions from the member as best I can and hopefully do that before 12. I'll make then at that point a motion to adjourn.

The motion reads "proposed investments," Mr. Chairman, so it would be that if a project comes forward seeking funding or an investment from the Heritage Savings Trust Fund, then it would be subject to a full and public environmental impact process. The investment committee of the trust fund could say, "We'll approve financing or the investment from the trust fund subject to it being approved after a full and public environmental impact assessment has taken place." I use the words "full and public environmental impact assessment" to ensure that it's clear the kind of review process I think ought to take place before an investment of this nature is made in particular individual projects.

I hope that answers the questions. If the member wants to sort of take me aside afterwards or pursue it perhaps even later in the meeting . . . I just note that the time of adjournment is rapidly approaching, Mr. Chairman, and I would move adjournment at this point. Then perhaps, when we come back at 2

o'clock, if I need to further answer on the public record the concerns raised by the member, I could do it at that time.

MR. CHAIRMAN: Thank you. Just prior to the Chair accepting your motion for adjournment, the Chair believes that in view of the pace that we're moving through these resolutions, the committee had better start looking at a day next week. We've done 14 resolutions in one and a half days. We have one and a half more days scheduled this week or two at the most.

MR. PAYNE: We're sitting Friday, are we, Mr. Chairman?

MR. CHAIRMAN: We're scheduled to sit Friday morning. It wouldn't appear that we will finish. All I'm saying is that perhaps the committee should be looking at next Wednesday. So you may want to block out your calendars, if you have room for it.

MR. PAYNE: I have a speech in Calgary at midday that day.

AN HON. MEMBER: I won't be here.

MR. CHAIRMAN: I understand that we're going to have some problems with it to try and schedule a day now. The Chair thought that we had enough time scheduled, but I just believe we have to be looking at that in view of the rate that we're moving through.

All those in favour of adjournment?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Any opposed? We stand adjourned until 2 o'clock.

[The committee adjourned at 11:59 a.m.]