

2 p.m.

Thursday, November 28, 1991

[Chairman: Mr. Ady]

MR. CHAIRMAN: I'll call the meeting to order.

We completed debate on recommendation 25, and we're prepared to recognize the Member for Clover Bar, Mr. Gesell, to move recommendation 26.

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

First, I'd like to thank the Member for Ponoka-Rimbey for dealing with recommendation 24 so effectively. I understand he dealt with it very creatively and persuasively. Once the vote comes along, if that particular recommendation is successful, I might entice him to perhaps do all my recommendations.

MRS. OSTERMAN: Agreed.

MR. GESELL: Thank you. I've got a heckling session right beside me here.

Mr. Chairman, you indicated that it would be the mover's choice as to reading in the recommendation. In order to set a framework, I would like to do that so it will head up the discussion that might follow.

That the Alberta Heritage Savings Trust Fund capital projects division invest in a comprehensive resource recovery project for the Edmonton metropolitan area as part of a co-ordinated and complete waste management strategy.

Mr. Chairman, in discussing this particular motion, first of all I need to say that we in this province have great difficulty with garbage. I also need to say that municipal garbage is a municipal responsibility, and that is very clear. I will deal with that municipal responsibility to a larger extent. However, the province, through the Department of the Environment, now does become involved on a regional basis when we're dealing with waste management and garbage disposal.

The municipal responsibility deals with all aspects of municipal waste, except the province retains control over and responsibility for groundwater and surface water contamination. So with any of these municipal waste management projects being proposed, the municipality has a first responsibility and the role of the province is basically to assure that our groundwater and surface water is not contaminated.

Let me deal with municipal responsibility a little bit, Mr. Chairman. We have in the Edmonton metropolitan area a severe problem with garbage. I think everyone in this House is aware of it, the people around Edmonton in the 19 municipalities affected are aware of it. It defies solution to some degree. Those 19 municipalities have combined to form a working group to address this particular problem. They are assisted in that working group by representatives from the Department of Municipal Affairs and also the Department of the Environment. However, the latest go-around on these discussions seems to head in the direction of just finding another dump, finding another landfill in this metropolitan area. Frankly, I have difficulties with that, and I believe the people I represent in Clover Bar have grave difficulties with it, as the people in Alberta have. It relates to political credibility to some degree. The difficulty is this: whenever we deal with garbage – and when I say “we,” I talk on the municipal and provincial level – we come to the people with a solution that says, “Let us find a landfill and we'll dispose of our garbage there; then later on, some years down the road and as soon as we can do this, we will find a system by which we can recycle, reuse,” the general

litany that we have, “or recover some of these items.” Well, frankly, the people of Alberta and the people of Clover Bar don't believe that anymore. They believe that when the decision for a landfill is made, that probably will be in place for a long-term situation and those initiatives talked about initially, about recycling and reusing and recovering some of the worthwhile products in the waste stream, will be put on the shelf. And I agree with them, Mr. Chairman.

In my constituency we again have designated by this committee a number of landfills, a number of dump sites, and the people are up in arms about that. They're making representation at all levels of government, and they're forming lobby groups and petitions against these. They're forming petitions because those areas that are now again being considered – and I say “again” – were previously considered. Fighting against the idea of a landfill and the idea of a landfill in those particular locations seems to be an ongoing battle for these people, these Albertans.

It is obvious, Mr. Chairman, that municipally elected politicians perhaps are not able to come to a consensus about what should happen even though it is their responsibility. I feel it appropriate, through the Heritage Savings Trust Fund, to establish provincial leadership in this area and find a solution acceptable to Albertans that actually does recover some of the products, some of those resources in the waste stream, and move effectively and quickly in that direction. Now, there may be some residue from that particular operation that will have to be landfilled, but at least we're moving in the right direction and the priority is there for resource recovery, for proper waste management rather than just finding another landfill, digging a hole in the ground, dumping our garbage there, and letting that carry on for years and years and years.

Mr. Chairman, I see resource recovery as an industrial operation – and it can and should be handled in that fashion – involving all citizens. It should start earlier than the household. It should start in the packaging industry; we need to make some inroads there. But when it actually gets to the household, it should start there. I feel that through the D'Laras Corporation, whom we support, there are methods and techniques available whereby individual households can separate some of these goods that should be recycled. This is somewhat different from the blue box program the city of Edmonton presently uses, but it involves the people in the area right at the very start in the total process of resource recovery. If they can participate by separating and we move into a resource recovery plant, it makes it much easier to then process those separated goods there. The other alternative is that garbage gets thrown out the way it is now and we haul it to the resource recovery plant and start separating it there. To me the first alternative I outlined is much more reasonable and acceptable, and again it involves people in the actual process. I think people want to be involved. There are quite a number of people doing that on their own initiative.

As an industrial operation, it does not have the same impact on the area in which the operation is located. For instance, the Aurum debate of some time back raged fairly heavily. I participated in that debate, and Aurum was not considered to be a suitable site for a landfill. I do believe, however, that Aurum definitely would be a suitable site for a resource recovery plant. That plant could recover 60 or 70 percent of the waste stream to be reused in some fashion, and the remaining 30 to 40 percent would have to be taken farther away to a landfill. I think that could be acceptable. It could be acceptable to a large number of people.

2:10

Mr. Chairman, to sum up this particular motion, although the responsibility for this waste stream rests with the municipality, I believe now is the time to show provincial leadership and develop a resource recovery project in the Edmonton area to assist all those 19 municipalities in dealing with waste in a very constructive way.

One more point I need to make relates to costs. There is the perception out there that such a project – and I'm sure discussion will come on this item – will cost a considerable amount of money. The comparison is drawn and statements are generally made that landfilling is so much less expensive than a proper resource recovery project. The first argument here would be that landfilling does not resolve the problem; there are always ongoing costs. For instance, when we look at the tipping fee per tonne of garbage at a landfill operation, that usually does not include the cost of recovery, the reclamation of that site in the future once it is filled up. Now, that's a cost not included there. Once we reclaim that site, we have emissions. Methane or some leachate might come from the site. If that occurs, and it generally does, we, the Department of the Environment, move in there and do some extensive testing. That cost is never included. If there is, in fact, a very severe problem with that site, what we then do is go in there and dig it all up, load it on a truck, haul it to a new landfill site, and start the cycle all over again. Mr. Chairman, that cost is not included in the initial cost of landfilling. But worse than that, it still doesn't solve the problem, because the same scenario could occur at the site you've just hauled the old garbage to. It doesn't solve the problem.

To me it would be much more sensible to come up with a solution, a resource recovery project that deals with the initial problem effectively so you do not have the ongoing costs that occur and that are unknown at this point in time. I'm not even comparing environmental values here. I'm talking about hard costs, Mr. Chairman. If you compare those costs on a fair basis and include all of them, the cost for doing the job properly and initiating a proper resource recovery project that solves the problem I think is comparable and acceptable and not too high.

Thank you very much, Mr. Chairman.

MR. CHAIRMAN: Thank you.

Other members wishing to speak? The Member for Edmonton-Beverly, followed by the Member for Calgary-Foothills.

MR. EWASIUK: Thank you, Mr. Chairman.

As the member for the Edmonton-Beverly constituency, if you don't know, Edmonton-Beverly has been the recipient of Edmonton and county of Strathcona and city of Fort Saskatchewan garbage for many, many years and continues at the present time to in fact still be the recipient of their wastes. Now, I think we can look back over history and say we derived some benefit from that in that a very fine park has been developed on an old landfill site. Rundle park is enjoyed by Edmontonians and people in our region and has been used quite extensively throughout the years. But it also has some defects in that there is, of course, methane gas that needs to be siphoned off. I understand the city is redirecting that methane gas to their power plant near the city, so there's some benefit from that as well. But on the whole, I think the Member for Clover Bar quite clearly indicated that there purely and simply is a strong objection to any landfill sites being developed near anyone or anything in this present day.

So I think it's fair that the city of Edmonton and the regions in their attempts to find a landfill site will require assistance from the

provincial government, perhaps in terms of some legislation, because while it might be a municipal problem, it's going to become a problem not only in Edmonton and region but throughout the province, throughout the country. On a recent visit to Ontario I was speaking to people there. They're basically experiencing the same problem we are, the need for additional space for garbage disposal and nobody wants it in their backyard. The boroughs neighbouring the city of Toronto are having all sorts of problems finding a way and place to dispose of their garbage.

I think the Member for Clover Bar did say in his comments that the landfill mentality we seem to be preoccupied with has to be discarded for the reason that nobody wants a landfill in their backyard. It has problems with leachate, the influence it may have on our water tables, the environment generally. I think landfills have really outlived their usefulness. So we have to approach garbage disposal in some other form. Certainly the three Rs that so often seem to be used these days – the recovery, reuse, and recycle processes – are something we have to address. The packaging and marketing of our products need to be looked at, and again this is where you may require some legislation. We simply cannot continue to be a throwaway society as we have developed over the years. As I drive throughout the province of Alberta I note with pleasure that indeed the rural municipalities and counties have addressed the issue. I know they have some landfills, but they've tidied up their operations. They're doing a good job in terms of ensuring that discarded garbage is not going to have an impact on the community. I think that's our concern as well.

So I think it's necessary for the Department of the Environment to become involved with municipalities in attempting to resolve their waste disposal. I think the government has to provide leadership in that area. I don't believe the regional group meeting in the Edmonton region is going to be able to find a solution. No politician is going to agree to have a landfill in their municipality if the population of the municipality objects to it. I think it's a vicious circle if no one wants it. So somewhere along the way someone is going to have to take the matter in hand and deal with it. I believe that has to be the provincial government.

It concerns me, Mr. Chairman, that we aren't providing more dollars for research and development for recycling. It's astonishing me that if we want to use recycled paper, we have to buy from the United States. We don't produce our own recycled paper. On the other hand, we are selling our newsprint to Japan. It surely boggles the mind that we would do those things when we should be addressing matters closer to home to deal with problems. I don't know that the heritage trust fund is the proper financial vehicle to be used for the process. I think that while it's going to take money, it's also going to take some political will to deal with the matter of waste management, and the provincial government must and should take a leading role in that strategy development.

I would like to support the motion, Mr. Chairman, placing a caveat on it that I'm not sure it's the heritage trust fund that should be funding this project. Nevertheless, I think the intent of the motion is necessary. As I say, it may apply to the Edmonton metropolitan region today, but I suspect it's going to apply to many other regions throughout the province and, in fact, throughout this country of ours as time goes on.

2:20

MR. CHAIRMAN: Thank you.

The Member for Edmonton-Meadowlark.

MR. MITCHELL: Thank you, Mr. Chairman. I would like . . .

MR. CHAIRMAN: I'm sorry. The Chair made an error. I did recognize the Member for Calgary-Foothills first, if you don't mind. Thank you.

MRS. BLACK: Thank you, Mr. Chairman. I would like to say at the beginning that I agree with the hon. Member for Clover Bar — well, don't get too excited yet — that there needs to be a co-ordinated and complete waste management strategy available within Alberta and, in fact, across the country. I also agree with the statements both he and the Member for Edmonton-Beverly have made that landfills are in fact becoming a thing of the past and are going to have to be replaced by something else because they have not been successful. Both have made statements that it's difficult to have landfills not only from an environmentally safe position but also from the public response, "Don't put it in my backyard; put it somewhere else."

I think the initiatives being taken by the Environment department are addressing some of these issues today, and they're falling in line with a co-ordinated strategy that can be incorporated throughout the province. I think it's very important that we continue with that thrust. But I have a problem with the recommendation in that, as the hon. Member for Clover Bar informed us in his opening comments, there are in fact 19 municipalities involved in trying to develop a waste management strategy and a resource recovery project or landfill siting or whatever for the Edmonton metropolitan area. I believe this process has been going on now for well over a year, possibly even two years, without success. [interjection] Is it 10 years?

MR. GESELL: Longer.

MRS. BLACK: I think it would be rather difficult for the province to all of a sudden step in and usurp the authority that has been given to the municipalities, for which their representatives have been duly elected, and dictate what in fact they will put in place within their municipalities. Certainly guidance is always available and would be forthcoming from the province, but the municipalities are going to have to accept some responsibilities for which they were in fact elected. I realize it's difficult to get everybody in the same mind-set at the municipal level, but I don't think that really gives the province the right to jump in and resolve their problems. Part of our mandate in the province has got to be setting the framework and turning authority over to the local people to administer within that framework. I don't think a project such as this should be funded by the province. I certainly think the framework and infrastructure must be in place, and then it is up to the municipalities to make the decision as to how they are going to fund it, whether it would be on an individual municipal level or on a co-operative municipal level. That would be their decision. To isolate one area within the province, the Edmonton metropolitan area, I think is not feasible or realistic because there are many other municipal areas throughout this province that have put forward proposals and representations on waste management. I think it would be wrong for us to select an area and go in and try and resolve their municipal difficulties.

[Mr. Jonson in the Chair]

I don't support the project as it is. However, I support completely the thrust of having a co-ordinated and complete waste management strategy in the form of an infrastructure framework that would provide guidance to the municipalities so they could resolve their problems and get on with providing an environmentally friendly and environmentally safe disposal of their waste,

because I think patience is running thin not only from members of the provincial government but from the public as to why this is not being resolved. I don't think it's our position to run in and tell municipalities what to do. I think, again, it's our position to provide the framework for it to be done but not the funds.

MR. DEPUTY CHAIRMAN: The Member for Edmonton-Meadowlark.

MR. MITCHELL: Thank you, Mr. Chairman. I would like to voice my support for this motion. I believe that if we are to overcome environmental problems that face this province today, many of them must be addressed at the level of a paradigm shift. We simply can no longer continue to view the world the way we have viewed it. We must find ways to create different understandings about problems so that different solutions can be contemplated.

This particular motion addresses the problem of garbage in exactly that way. It suggests a way of demonstrating to our society, to individuals in our society, that this problem of garbage, which we have always looked at it in one way, can be and must be looked at from another perspective. We must shift the paradigm under which we view, assess, and deal with these kinds of problems. Therefore, it has two very significant components. One is addressing a practical problem that exists today in our province: the question of landfill in Edmonton. Two is addressing creating a leadership vision for dealing with this problem, not only in Edmonton but elsewhere. I guess a third element of its advantage is that it more generally would communicate that we can view these kinds of problems differently and seek different solutions. I believe that if the heritage trust fund is to do anything in its preservation of our future or creating a different future for Albertans, then it is exactly this kind of project which it must undertake. It's for that reason that the Member for Clover Bar should be congratulated and, I would argue, should be supported for what it is that he is proposing in this particular motion.

Thank you.

MR. DEPUTY CHAIRMAN: Is it agreed that the Member for Edmonton-Beverly is allowed an introduction before we proceed with the next speaker?

HON. MEMBERS: Agreed.

MR. DEPUTY CHAIRMAN: Please proceed.

MR. EWASIUK: Thank you, Mr. Chairman. It's a pleasure for me today to introduce to the members of the committee a school visiting from the Fraser community in my constituency. They're studying government. They're here to tour the building, and I would ask that they rise and have the members give them a welcome.

MR. DEPUTY CHAIRMAN: Are there further speakers? If not, then the Member for Clover Bar to close debate.

2:30

MR. GESELL: Thank you, Mr. Chairman. I would like to thank the members that have participated in the debate. I sense some general support, although some support with qualifications from the Member for Calgary-Foothills. There were some questions raised that I'd like to discuss a little bit.

I believe the Member for Edmonton-Beverly indicated that the city of Edmonton has handled the garbage for the region for some

considerable period of time, but I might want to correct the member. The Clover Bar landfill site that has handled most of the garbage – and I'll get to the Rundle park one right away – was, in fact, until 1981 in the county of Strathcona and was taken over in 1981 by the city of Edmonton. So up to 1981 it was really the rural area that was handling the garbage for the city of Edmonton, not the other way around.

He has brought up the point of the Rundle park area that's been reclaimed and now is being actively reused. However, there are some difficulties with that site that substantiate my claim and my discussion here with respect to ongoing additional costs that occur with some of these sites that are not added into the initial costs and therefore are not available for comparison. One of the costs in that particular area is the surface water runoff. The city of Edmonton found that that surface water runoff may be contaminated and is spending some \$100,000 annually in order to resolve that problem: collect that water and treat it in the proper fashion. So thank you for bringing that point forward. It adds strength to the argument that the cost comparison, when it is being done on a very superficial level, is not complete.

The member also indicated that the province should be assisting those municipalities that are joined in finding a landfill site. I really have great difficulties with that, because that is wrong, wrong, wrong. That's what we've been talking about. We need to get out of that landfill mentality. They need to find a solution to garbage, but with due respect, it is not a landfill site. I'm dead against saying that all the city and the 18 other municipalities need to do is find a landfill site that may be acceptable and the problems will go away. I'm afraid they will not.

I agree that the province needs to become involved, and I want to now jump to the comments that were made by the Member for Calgary-Foothills. Although the initial indication was for support on a general basis, the discussion then progressed to: why should it happen in the Edmonton metropolitan area; why should it not be generic? I believe the Member for Edmonton-Meadowlark actively addressed that one, and I'm going to rephrase that a little bit later on. Presently the Department of the Environment does assist with money and with expertise on a regional basis two or more municipalities that join together. Studies and the actual waste management operation – landfill in the past – have been funded to a certain degree by the Department of the Environment. What I'm attempting to do with part of this motion is consolidate that so funding that might go out becomes a little bit more co-ordinated, becomes a puzzle that fits together and works in the long term.

Those 19 municipalities that have joined together and are assisted and advised to some degree by the Department of the Environment and the Department of Municipal Affairs, although they originally started out looking for a solution, I'm afraid have ended up now with trying to find a landfill. That is really unfortunate, because the initial principles for establishing that group were sound, proper, environmentally sensitive concerns that have brought them together, but they have abandoned those initial principles, in my opinion. A number of the municipalities, perhaps because of that abandoning of the initial principles, have removed themselves from that group. They are down to the point where they're looking for a landfill, and I don't believe that is correct.

The Member for Calgary-Foothills indicated: does the province have the right to interfere with that municipal responsibility; perhaps we should limit ourselves to establishing a framework that those municipalities can work within. Well, I believe we have that right now, and it doesn't seem to be functioning.

Mr. Chairman, there is an excellent example of how such a project might proceed, and that is the capital region sewage disposal system that we have in the Edmonton metropolitan area. That is a system that again serves the total metropolitan area. It was initiated because of provincial leadership, and it is now controlled, after it was built, by the municipalities actively participating in running that operation and contributing towards it, recovering costs for amortization, operation, and maintenance. I can see this type of project, a resource recovery industry to deal with solid waste, in a similar light. That framework already exists when we're talking about sanitary wastes. Why should it not work for solid waste? The same principles can apply there, and I believe it is appropriate, then, to utilize certain Heritage Savings Trust Fund funding to initiate, to at least pay for a portion of that capital project.

I also believe, and the members have made that point, that those municipalities should contribute, and certain of these municipalities have actually offered that. The reeve from the county of Strathcona I believe some two years back indicated that the county would support to the tune of \$14 million such a facility. If we can get the same commitment from the city of Edmonton and the other 17 municipalities, I think we're well on the way then to finding a proper solution.

[Mr. Ady in the Chair]

Why are we recognizing the Edmonton metropolitan area specifically? Because we have here an area that is in dire need of a facility. It has sufficient population and generates sufficient garbage in order to make such a facility economically viable. I appreciate, Mr. Chairman, that that type of facility cannot be built everywhere in this province. I think there has to be degrees of how we deal with the waste stream in different areas. That particular project is very appropriate to this specific area, the Edmonton metropolitan area, as it would be for the Calgary metropolitan area.

MRS. BLACK: We've got our act together.

MR. GESELL: Yes, you have your act together. You have landfilling capacity for the next 25 years. You do have some problems with them. There are some toxic things buried in those landfills, but yes, you do have that capacity.

Edmonton-Meadowlark has given me some excellent support, and I really appreciate that. He says that this motion would deal with a practical problem – it certainly would – that we're having some grave difficulty with. Two, I think he mentioned it would create a leadership position for the province. I think that is very important. Three, it would also be a communication effort that there are other solutions we should look at. There are solutions in other countries I've reviewed that deal with the waste stream in a very effective way and recover those resources as much as possible. Certain instances, Australia and Switzerland, have systems in place that leave no residue; everything that is thrown away by our throwaway society is recycled in some fashion or other. Some of it is granulated and put into road bases and so on, but it is actively used. There is no residue at all; the total waste stream is actively reused. Hopefully, in the future we can get into that situation rather than looking for a landfill in this area.

For those reasons, Mr. Chairman, I would ask that all members, including the Member for Calgary-Foothills, support the recommendation. Thank you.

2:40

MR. EWASIUK: Mr. Chairman, on a point of privilege if I may.

MR. CHAIRMAN: A point of order probably.

MR. EWASIUK: Okay. Thank you. I didn't want to interrupt the member when he was speaking, but I did want to make a correction on the assumption he made that somehow I was suggesting that I supported landfills. I do not support landfills. In fact, I stated that we should stop the landfill mentality and we have to move to some other form of disposal. So that's why I felt it was necessary to have the government involvement of the Department of the Environment. I guess I want to make sure to clear that up: that nowhere in my remarks did I make any indication that I supported landfills.

MR. CHAIRMAN: Thank you.

The Member for Clover Bar to introduce recommendation 27.

27. Mr. Gesell recommended that the Alberta Heritage Savings Trust Fund capital projects division establish a program to grant assistance for agricultural diversification by supporting the growing equine industry.

MR. GESELL: Thank you very much, Mr. Chairman. Just recently I came across a report commissioned in British Columbia that has reviewed what actually happens in the horse industry throughout the province of B.C. I use the word "industry" advisedly because it is one of the agricultural pursuits that over the past number of years has increased. The number of horses has increased. The number of people who are actively involved in that industry has increased. I notice it in my particular area in Clover Bar where we have a number of places where some keep horses themselves; some board horses for people that may live in the city. There are tack shops. There are other outlets that cater to owners of horses. There are stables for breeding and other uses and training. I believe we haven't really recognized that they are all out there.

In B.C. the report indicates that there may be some 75,000 horses within that province and that that industry that's associated with keeping those horses generates a direct and indirect income to the province, a considerable amount of money: in the millions, Mr. Chairman. Now, by the same report, in Alberta we're better off in that type of industry. It indicates that we have somewhere in the neighbourhood of 200,000 horses that are being kept in this province for a variety of different purposes. If the assumptions and the findings in the B.C. study are extrapolated to the numbers that we have here in the province, that industry, as a growing industry, has some very dynamic and tremendous impact on our economy. I don't think we realize that.

So what I'm trying to establish here, Mr. Chairman, is that an industry exists, that it has direct and indirect impacts on our economy – it's a diversification of agriculture – and that that industry should be recognized. For instance, we've allowed all sorts of trails in the Capital City park: bicycle trails and a variety of recreational uses. But equestrian trails are somewhat limited to, I guess, the Whitemud equestrian centre and the immediate surrounding area. Perhaps under the urban parks program and under the MRTA program it may be possible. Those projects are still ongoing. Even though the funding has finally been committed, the projects are not completed. Some recognition should be provided for that industry, and maybe some allowances should be made to recognize that industry and incorporate some uses so

that that industry may benefit and be strengthened through that incorporation.

We had submitted to us not that long ago a proposal that contemplated an equestrian trail from I think it was Drayton Valley all the way up to Fort Saskatchewan. Although I believe that is an excellent idea that should be pursued, it needs to be supported to some degree by the municipalities involved, by the people that are involved in the industry, and they need, I believe, some assistance – both advice and financial assistance – through the province. I've targeted the Alberta Heritage Savings Trust Fund to do that because of the diversification aspect of that fund, but it may be just as reasonable to have Economic Development and Trade pursue that, or perhaps even Agriculture. I'm putting that out for your consideration.

Thank you very much.

MR. CHAIRMAN: Thank you.

The Member for Lloydminster.

MR. CHERRY: Thank you, Mr. Chairman. I want to speak for a few moments on recommendation 27 that the Member for Clover Bar has put forward; I have some points that I want to bring forward. First of all, I guess I'm somewhat bewildered with bringing it and targeting it to the heritage trust fund at this time, because basically in my view perhaps a better place it would be able to be brought before would be the agriculture caucus. I say that because most agricultural areas or problems, I guess, are brought before agriculture caucus. I for one, being in agriculture for a number of years, have not seen a provincial association, if there is one.

I guess on the other side of the coin, the member indicates 200,000 horses in Alberta, but I know the majority that I see around the area I represent have one or two horses. Other people have 15 or 20 horses, but they're for meat purposes; in other words, for the sale of meat. Now, I would think that you do have a small industry that is quite a viable industry around centres such as Edmonton and Calgary. I don't believe that in other centres in the province, unless you're targeted close to a big centre, you would find a business such as this exists. I remember when I was a boy – and that's only a few years ago – out in B.C., yes, there were these industries where I came from. As a young person, we used to go and rent horses and go for a ride in an afternoon, et cetera.

AN HON. MEMBER: Did you have money?

MR. CHERRY: That's when we were making a buck a day, and they were only 25 cents a ride.

Mr. Chairman, I guess the problem in summing up is, first of all, I believe we haven't seen an association present in the province as of yet, and I would think it establishes more of a hobby than anything else. Perhaps if there is such an area that could be looked at, then I think first and foremost I would like to see the association and hear from them in a different way in our agriculture caucus, which I think would be the first step in that direction. I do commend the member for bringing it forward, because as I say, around a big metropolitan centre you do have an industry because of the population you have there.

So I end with that, Mr. Chairman. Thank you.

2:50

MR. CHAIRMAN: The Member for Westlock-Sturgeon.

MR. TAYLOR: I come up this fast, eh?

I have difficulty supporting the motion, Mr. Chairman, although I can sympathize with him as one who was in the quarter horse business for some years. They may need assistance.

One of the basic problems we have in Alberta is the Alberta government leaping in and assisting with capital aid in this or that. I think it's quite a pain in the neck. I think the equine industry should be allowed to develop on its own. Maybe a few of them could even run for the Legislature. The idea of the government assisting them is something that I think would put the thing out of kilter. I think it's a free enterprise, competitive sector. It's an area that's been around for some time. There are some very wealthy people and some very poor people in it. Some people do it out of love; some do it out of money. The idea that the heritage trust fund should be devoted to developing the horse industry is beyond my ken.

MR. CHAIRMAN: Thank you.

Other members wishing to speak on recommendation 27? If not, does the member wish to sum up?

MR. GESELL: Thank you, Mr. Chairman. Just a few comments by way of clarification perhaps. In the recommendation the word "grant" is used just prior to "assistance," and that may have confused some of the members here. The meaning of the word "grant" there is in the sense of "give assistance," not throw grant money at the particular problem, although the assistance may include that.

The comment was made that this matter should come to agricultural caucus. I believe that's an appropriate comment, and I will pursue that.

It's also been indicated that that type of industry is a small business, a hobby industry, and just by the last speaker there is some question about whether we should be assisting industry in this particular fashion. Well, I would agree with the member that we should not be assisting industry where we provide considerable amounts of money to bail industries out, because what happens in those instances generally is that they float along for a while longer and go bankrupt after a while in any event. I do feel it is a role of this provincial government to assist small business, particularly if it's a business, a diversification that is started in a new area where there is, in fact, no competition, because if there are other businesses already in existence, you either help all of them or none of them. That's part of the problem we are having.

So the role of government as I see it in respect to diversification would be to act as a catalyst, to initially assist in some measure on a one-time basis, and that industry or business after that is on its own. I would say that in my opinion it may be not appropriate to provide \$100 million in bailout money to some industry, but I feel it is appropriate if one were to provide, say, \$20,000 or \$30,000 to an initiating industry, because what actually happens is that those small businesses, those small industries generate the employment, generate the economic activity, and generally tend, if they're run properly, to grow into large concerns that are effective and aid the strength of this province.

Thank you, Mr. Chairman.

MRS. OSTERMAN: Mr. Chairman, a point of order.

MR. CHAIRMAN: Yes, Member for Three Hills.

MRS. OSTERMAN: This morning I think our hon. chairman did bring members to order in terms of trying to stick to the subject at hand. I note that it may have been that the chairman was not listening carefully to some of the remarks made, but we have a

member, the hon. Member for Westlock-Sturgeon, who in the debate just past made some reference to, I believe, horses potentially running for the Legislature, which I don't believe had anything to do with the subject matter at hand. Now, it may be that he can be excused because, just having come back from Ottawa, he did see certain people who may have resembled horses. Mr. Chairman, I would hope you would listen a bit more carefully to the debate.

MR. DOYLE: Point of order, Mr. Chairman. Would the Member for Three Hills clarify who these people in Ottawa are that she thought looked like horses?

MR. CHAIRMAN: Probably the point has been made. The Chair accepts the chastisement. I was distracted briefly by members coming to the Chair.

The Chair recognizes the Member for Clover Bar to introduce recommendation 28.

28. Mr. Gesell recommended that a new division be created under the Alberta Heritage Savings Trust Fund, the environmental investment division, and that investments from this division be considered for projects that will provide short- and long-term benefits to Albertans through the enhancement of our environment and through reduction of pollution.

MR. GESELL: Mr. Chairman, this is the third time I've introduced this particular motion.

MRS. BLACK: Then give it up.

MR. GESELL: No, I do not intend to give it up, thank you very much. I intend to continue my thrust to pursue this matter. It's being introduced now for the third time. The previous two times it was discussed in this committee, it was carried unanimously, although the recommendation from the Treasurer basically stated that such projects perhaps would be appropriately undertaken under the capital projects division of the Heritage Savings Trust Fund.

Because of the debate on this particular motion in the previous two years, I intend to make my comments very brief, Mr. Chairman. I want to say that I see a need and an opportunity for all Albertans to co-operate to enhance environmental protection. This proposed division will set, I believe, the initial blocks in place for that overall consideration, that environmental protection. Some members, I'm sure, may claim that it is too broad, that it is maybe a motherhood statement, but I really feel it needs to be addressed because it's a critical issue. I believe Albertans agree with me. If we create this particular division, we then may act as a catalyst or as an encouragement in a co-operative way with the private sector in initiating a number of programs and projects.

There are a host of projects, and some I've included in my previous recommendations, that I believe will yield a return by protecting and enhancing our environment, by protecting and enhancing our future. I believe that that will be done, and it will improve the quality of life for Albertans. I stress the phrase "quality of life" because that is one of the objectives in the overall Heritage Savings Trust Fund.

This type of motion will require some amendment to the present Heritage Savings Trust Fund Act. I indicated previously that I would pursue that. I introduced a Bill to that effect in the House. Unfortunately, it was way down on the list and didn't get debated, but I intend to again introduce a Bill to that effect. I also will pursue other alternatives in order to see that this investment

division is implemented. I feel strongly about it, I feel committed to it, and I think it's important for Albertans.

Thank you.

3:00

MR. CHAIRMAN: Thank you.

The Member for Calgary-Fish Creek, followed by Edmonton-Meadowlark.

MR. PAYNE: Mr. Chairman, I awaited the sponsoring member's response to the Provincial Treasurer's objection to this recommendation last year wherein the Provincial Treasurer made what I think is a fairly supportable observation that these kinds of projects can already be undertaken within the capital projects division or within the heritage fund's present divisional structure. So when the Member for Clover Bar acknowledged that objection of the Provincial Treasurer and then responded to it, I waited almost breathlessly for an example of a project that could be undertaken under the terms of this recommendation that can't presently be undertaken. Perhaps I wasn't paying close enough attention, but I don't believe I heard a single such example. Such an example would be very persuasive for me. I'm wondering, through you, Mr. Chairman, to the Member for Clover Bar, if perhaps when he concludes debate, he can give the members of the committee one example of a project that now can't be done because of the way the heritage fund is structured and that could be done if this recommendation is in fact passed by the committee.

MR. CHAIRMAN: Member for Westlock-Sturgeon, you did have your hand up. I apologize. So if you'd like to speak now . . .

MR. MITCHELL: "I'm sorry you had your hand up."

MR. TAYLOR: Don't give me a bad time now. Mr. Chairman, they're picking on you, and you know how I've always stood in your corner when the rest of the committee has tried to go after you.

MR. CHAIRMAN: Yes, I do have a recollection of that. Thank you, hon. member.

MR. TAYLOR: I know you appreciated it.

MR. HAWKESWORTH: Nick, are you getting on your high horse again?

MR. TAYLOR: No. I wanted to say a couple of words in favour of the motion by the Member for Clover Bar. Having rained on his horse parade, I thought the least I could do was try to save this particular motion, which he has been diligently putting forward every year with a great deal of enlightenment. There's no doubt that his confreres find trouble supporting it, because it is really like a shaft of lightning coming through the darkness that usually cloy around the back there. It is very progressive thinking.

I think it's something that if the government is going to kick-start anything, it should be kick-starting in the area that free enterprise has heretofore been slow getting into, not in many other areas. Unfortunately, this government I think has had a penchant to come in after free enterprise has already started and tried to bail them out. This would be a case where it could give some leadership, and I think the Member for Clover Bar's right on.

The Member for Calgary-Fish Creek asked him to name some that couldn't be done under the present plan. Well, the whole point of this thing is that if we knew what the heck was already

there, we wouldn't have to be it. That's the whole point of putting some money into the research and helping: because it would be opening up almost a store to have people come forward with environmental cleanups. There's no doubt, I'm sure, that the Member for Calgary-Fish Creek has had any number of people from throughout the province point out to him, as I have had, the difficulty in getting recycling projects under way. That's just one that comes to mind. You go to a banker or something for a recycling project, and after they've laughed and fell off their chair holding their sides, they then say no. That's one small one I can think of, and there are other things like that that are small but still in the area of preserving the environment.

So I'd like to say that I strongly support the Member for Clover Bar in this issue.

MR. CHAIRMAN: Thank you.

The Member for Edmonton-Meadowlark.

MR. MITCHELL: Thanks, Mr. Chairman. I, too, support the Member for Clover Bar on this issue, and I would like to say that he has had quite a series of enlightened environmental proposals which I am disturbed do not appear to have had the support of his caucus members here on the committee today. If this motion has been assailed with any kind of effect at all, it would be based upon the argument just made by the Member for Calgary-Fish Creek, and that is: tell me what project could be undertaken by this investment division which could not be undertaken under the current structure of the heritage trust fund? While that's an interesting rhetorical argument, it begs a very important and significant question, and that is that our experience over the last decade with this fund has indicated that there is not a focus on environmentally sound and environmentally driven projects, whether through the capital investment division or the Alberta investment division or any investment division of this fund. In fact, while the Minister of Energy wanted to make a great deal of the fund's alternative energy investments, clearly they are negligible compared to, for example, the investment into the conventional or quasi-conventional fossil fuel projects.

The problem isn't whether the Capital Fund or the Alberta fund investment funds could do these projects; the problem is that they haven't done these kinds of projects. That raises the question: why? The answer to that is because there is nobody focused on this particular objective; that is, to promote environmentally responsible or environmentally related investment project ideas. I can remember talking to the Minister of the Environment this year and last year in the committee and saying: "You know, it's remarkable that the Energy department has exemplified the idea of project entrepreneurship. They have thought of ideas and aggressively pursued Heritage Savings Trust Fund investment in those ideas." We don't see that kind of "entrepreneurship" within the Environment department. There has not been leadership where we get a list of ideas that the minister is fundamentally and obsessively committed to doing something with. Finding his other avenues of pursuit blocked, he comes to the heritage trust fund committee and says: "Look, I've got some fantastic ideas which mean something to this province, which are going to make a difference to the future. Will you please give me some money, make a recommendation, get me some money to do something with these things?" We don't see that. If he's not doing that to us here, you can bet he's not doing that with the Treasurer and saying, "Invest through the capital investments division or invest through the Alberta investments division in my projects." We don't see it. I don't see somebody in that department driving these ideas, and that is what an environmental investment division would

do: it would focus attention on Heritage Savings Trust Fund investments in environmentally sound, environmentally related projects.

So for the Member for Calgary-Fish Creek to simply say, "Why couldn't we do these kinds of projects in the structure we've already got?" is for him to ignore the very crux of the problem. Why couldn't we do them? I argue, Mr. Chairman, that is: why haven't we done them? If he would answer that question in the responsible fashion with which he approaches most questions, he would know. Because there is no focus and there is no leadership.

The Member for Clover Bar would structure an environmental investment division which would fill that vacuum and provide leadership for environmental projects. It's about time it was done, Mr. Chairman. That's why I'm voting for this particular recommendation.

MR. CHAIRMAN: Thank you.

The Member for Edmonton-Beverly.

MR. EWASIUK: Thank you, Mr. Chairman. I, too, would speak in favour of the motion, primarily because I think that two motions of mine, 22 and 23, basically have the same intent; that is, in fact, that if the Heritage Savings Trust Fund is going to be used for projects, then at least we have to ensure that the investment earned is put into projects that are going to be environmentally safe and that environmental impact assessments are done before money is invested in these groups. For those reasons I would support this one as well.

3:10

MR. CHAIRMAN: Thank you.

Are there other members? The Member for Calgary-Mountain View.

MR. HAWKESWORTH: I guess I have to respond to the hon. Member for Edmonton-Meadowlark. I note that the next item on our agenda here is the liquidation of the investments in the Heritage Savings Trust Fund. I don't know how that can be reconciled with establishing a brand-new investment division. I wouldn't want to be in a position of saying that the member is inconsistent, but perhaps there just might be some clarification on what exactly the Liberal position is in terms of the Heritage Savings Trust Fund.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you.

Does the Member for Clover Bar wish to close debate?

MR. GESELL: No, Mr. Chairman. I believe the questions that were asked by the Member for Calgary-Fish Creek have been answered by my colleagues here. Thank you.

MR. CHAIRMAN: Thank you.

The Chair recognizes the Member for Edmonton-Meadowlark to move recommendation 29.

29. Mr. Mitchell recommended that the Alberta Heritage Savings Trust Fund implement a staged liquidation of its investments and that the proceeds be used to pay down the provincial government's debt.

MR. MITCHELL: Thank you, Mr. Chairman. I would like to begin by saying that in the recommendations proposed by my colleague from Westlock-Sturgeon and me, we were very careful

to point out that this particular recommendation 29 stood alone as our priority recommendation, and then all the other recommendations that we have made were premised upon a statement that was not included in this particular listing of motions. That was that in the event that motion 29 was not accepted by the committee – and of course the way this committee works, one could anticipate that you would have, I think, if you go by last year, about a 6 percent chance of acceptance, so the odds were that it wasn't going to be accepted – we then had other proposals. If the heritage trust fund is going to operate, then we feel we should have input into seeing that it operates in as effective a manner as it possibly can, given its limitations and given its problems. That, of course, is my answer to the Member for Calgary-Mountain View, who would of course assume things about what I am doing or somebody else is doing without having heard or sought an explanation about what he would call an apparent inconsistency. It's not inconsistent at all; it's just being pragmatic about the way this particular committee operates.

Now, what I would like to say is that this motion is a priority for us for a number of reasons, Mr. Chairman, but it comes down to one important observation or analogy, and that is that if one has a Visa bill on the one hand and a savings account with money on the other hand, why wouldn't we pay off our Visa bill with our savings account money? The fact is that interest on loans is higher almost always than the earnings on assets. Therefore, as long as we have assets on one side earning money and loans on the other side costing us more money, we are in fact losing money.

There are other disadvantages, Mr. Chairman, to the manner in which this particular fund is structured. One of them is that management in this government – although I use that term "management in this government" loosely – I believe is misled into thinking that they actually have money because they have convinced themselves that there is \$15 billion in the heritage fund, when in fact they do not have money. So what they do, they end up spending money that we the people of Alberta, the General Revenue Fund simply doesn't have. They are allowed to perpetrate and believe in this myth that Alberta is wealthy. The heritage trust fund is a beacon for this idea that Alberta somehow is wealthy and that this government somehow is wealthy. Instead, Mr. Chairman, what we are saying is that that can no longer be acceptable, that management has to come to grips with what assets and what resources it has. It does not have as much money in the heritage trust fund as it thinks. It continues to spend money as though it does, and it does have debt, real debt that could be to some extent offset by assets that are currently earning less money than loan interest elsewhere, and it's costing us.

If we talk about the debt of this province, it is quite remarkable and quite disconcerting, Mr. Chairman. Moody's indicates that we have a debt created in the last five or six years, since, in fact, Mr. Getty became Premier, since Mr. Johnston became Treasurer, a debt of \$14 billion, accumulated deficits adding up to that amount, plus we have a \$9 billion unfunded pension liability. That is a total debt in the order of about \$23 billion or \$24 billion. I was always struck by the righteous indignation of the Treasurer of this province about the very large deficit budget presented by the new government of Ontario and that somehow that was shocking. Of course it was shocking. But what the Treasurer forgot to point out is that in the last five years, three of his budget deficits have exceeded as a proportion of total government expenditure that deficit which was presented to the people of Ontario earlier this year. This government has a very, very poor record of fiscal management and a very aggressive record of creating debt. I want to emphasize that it is the level of that debt which has precipitated

for us this belief that aggressive action must be taken in liquidating the heritage trust fund, taking that money and placing it on that debt.

A third point to be considered, Mr. Chairman, is that in many respects the heritage trust fund has never invested in the way that the government has construed it to: to be some special form of investment, some special proposals for the future. In fact, if you analyze the heritage trust fund, it has really been an extension of the General Revenue Fund. It has invested in some worthy things – I'm not saying that it hasn't – but it certainly has invested in things that other provinces invest in out of their General Revenue Fund. So while the government has tried to say that this is to set money aside for the future or whatever else they have construed as objectives, in fact it has merely been an extension of something quite common, a General Revenue Fund. Most governments operate within their General Revenue Fund without a heritage trust fund, and I believe that this government, of course, could as well.

It's important to note that over the years three objectives have been stated for the heritage trust fund, and they vary from annual report to annual report. It's hard to get a clear-cut focus on what the government really meant as objectives, but you can distill three. One is that it was a rainy-day fund and that somehow there would be money there for us to spend or to help us through difficult times. Of course, all that money has been spent. The only way that you could construe this as being a rainy-day fund is the manner in which the Treasurer now tries to, and that is to say: "Well, we're making all this money on the heritage trust fund, and that supplements what we do out of the General Revenue Fund. Therefore, we can keep taxes lower, and that's stimulative for the economy."

Well, Mr. Chairman, we don't make real money on much of the heritage trust fund; we make circular money. Alberta Mortgage and Housing, for example, loses hundreds of millions of dollars each year. In fact, it is then subsidized by the General Revenue Fund so that it can pay the interest to the heritage trust fund, which the heritage trust fund in turn pays to the General Revenue Fund. We have loaned to the Alberta Mortgage and Housing Corporation – I think the heritage trust fund debenture was a maximum of about \$3.2 billion. Over the last eight or nine years the General Revenue Fund has subsidized the Alberta Mortgage and Housing Corporation to the tune of about \$3 billion. It is not an investment; it is a black hole. And for this government to say that this is a rainy-day fund is for it to misconstrue the manner in which this fund is utilized.

3:20

Secondly, they've said it was going to create diversification. Well, \$3 million, Mr. Chairman, into alternative energy research and development which would, if it resulted in concrete findings, lead to diversification – I suppose it could – compared to \$1 billion into fossil fuel development and research projects. If you add up this fund, you'd be hard pressed to find 10 percent of it having gone into anything that remotely resembled diversification. It hasn't achieved that. It hasn't provided rainy-day liquidity because you can't sell very readily and very quickly many of the assets in this particular fund, and certainly this government hasn't made any effort to free up cash which they could use now to invest in a way that would stimulate the economy. It isn't real replacement income, because much of it is merely this circular accounting procedure that this government has allowed its Treasurer to try and construe as wise investment. And it isn't diversification because it simply isn't diversification.

In conclusion, the fact is that this heritage trust fund is becoming a millstone around the necks of the people of Alberta. It

construes to the rest of this country that we are wealthy when in fact we are not wealthy. We send messages to Ottawa as though we don't need their help, as though this idea of us equalizing other people can continue. Instead, Mr. Chairman, the facts are that this province isn't in a healthy fiscal state, certainly, from the way in which this government has been managed. The heritage trust fund has become little more than an extension of the General Revenue Fund. Management believes it has money that it doesn't have, yet it continues to spend it because it looks at the heritage trust fund and believes it is wealthy. Perhaps the bottom line is that we have debt which could be offset over time as we sold the assets of this fund in a responsible way – it will take time – and that we should do what we can to liquidate debt. Debt costs us more than what we are earning, whatever that is, on the heritage trust fund.

On balance, Mr. Chairman, and these are strong words, to a large extent the heritage trust fund has been a ruse and a charade. We are speaking on behalf of the people of Alberta, many of whom have said: "Yes, this is not what it has appeared to be. Sell these assets and do something useful and constructive with them: pay down debt."

MR. CHAIRMAN: The Member for Three Hills.

MRS. OSTERMAN: Mr. Chairman, the hon. member proposing this motion has certainly raised many, many comments that I could disagree with but some I could certainly agree with. I would agree that it is certainly time that we supported recommendation 5 and gave the people of Alberta the opportunity to make comment on their fund. I think it is certainly not correct to say that this fund, given the objects of the fund, has not met over time most of the objectives set out for it. I think with all things when you have a surplus, which we were fortunate to have over a period of time and the heritage fund came into being – it was certainly a model for all of us who have traditionally believed that you can't always count on surplus times, that in fact you should put money away for rainy days. I think most of us would believe that, and those in our society who spend every last nickel are in trouble. We see that repeatedly whenever we have an economic downturn. Governments are certainly no different than individuals or families in our society. We have our people used to certain programs. They would object mightily if those programs had to be curtailed, and the heritage fund was a vehicle for in tougher times, the rainy-day aspect. The revenue could be utilized to supplement our General Revenue Fund in order that those programs continue or indeed, if worst came to worst, at least the letdown would be much slower.

When it comes to diversification, I would remind the hon. member that the results are not always immediate and direct. I, for instance, have a very strong belief that the Heritage Scholarship Fund, which is an enormous amount of dollars that go out every year, is a very strong vehicle for our students to try to achieve excellence and go on to assume the positions in our society and research and other places that have a very direct benefit and assist in our diversification. As well, the hon. member has obviously let slip from his mind the Heritage Foundation for Medical Research. That is an unbelievably enormous tool. That foundation has created the critical mass . . .

MR. MITCHELL: But you can't sell it; we don't own it.

MRS. OSTERMAN: . . . of people doing research. Then from there the tertiary benefits of that research, of course, create the kinds of jobs in our society that we would like to see.

It is not a matter of government owning everything. Government is there to be a catalyst, a facilitator to see that citizens and

our young people can achieve their place in life and achieve excellence to the extent that their abilities allow.

Now, the hon. member has made some excellent points about where we are with respect to our debt and, on the other hand, borrowing. I would agree that that certainly needs a very close look, but to say that we should just in one fell swoop make a decision to abandon the fund without a long discourse with Albertans I think is absolutely foolhardy.

Other provinces, in fact, have their own version of funds, although they may not be as visible. If you take a look at the ownership of, say, power-generating resources, that kind of thing which returns investment to their coffers, they indeed have that kind of a resource face. Ours is there in a different form. Now, I believe that in the earlier years when we first came to have a debt, having the debt visible and not automatically paid off by siphoning money from the principal of the fund was very therapeutic. Albertans realized that in fact we were borrowing. We were not about to, as I would use in agricultural analogy, start selling off our topsoil in order to balance the budget, because indeed that's exactly what you do when you attack your capital assets: you're selling off the topsoil. That works for a very short time and then there is no return whatsoever.

So, Mr. Chairman, I think we can look closely at the management, the balance between the return on the fund and what it is that we're paying in interest, and address that problem. But I think in the main, given the change from the '70s to today, it moves us to consult with the people of Alberta about the future of that fund. There is no one motion on our long list of motions, I think, that . . . The hon. member has made arguments, all very strong, that to me speak volumes to motion 5 for that review.

Thank you, Mr. Chairman.

3:30

MR. CHAIRMAN: Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. I'd like to begin by thanking the member for the recommendation. I think it's an important debate, it's an important issue, and certainly the recommendation to some extent focuses differing viewpoints on what the role of the trust fund should be and what we see its future role in the province to be. So to that extent I thank the Liberal Party for putting it on the Order Paper.

I guess what's been missing for me, maybe even from the initial organization of this fund, is what the word "trust" means. When we talk about a heritage savings trust fund, what does that word mean? I'm wondering if the Liberal Party has given any thought to what is implied when we use the term "trust," when we use the term "a trust," because in my view that is a critical word in terms of describing what this fund is all about, at least in terms of what it means to me. Trust implies a fiduciary responsibility. It implies that it's not being held necessarily for the benefit of the trustee or the person looking after it but is being held for the benefit of somebody else.

I've always thought of the trust fund as being some way of passing on to a future generation something that we have benefited from or taken from them. When we use nonrenewable resources from this province, we're using them for this generation, and to the extent that we fail to leave something for ensuing generations, we're taking from them. My understanding of one of the purposes of setting up this trust fund was not simply to save for a rainy day but to take from a nonrenewable resource in order to leave something for our children, and thereby was a reason for including the word "trust" in the name of this fund. If it was simply to save for a rainy day, it would have been called the Alberta heritage

savings fund. Of course, you could look at it then as a savings account, so that when you're in debt, you cash in your savings. That's what a savings account is all about. That's what the Liberals are talking about: let's think of it as a savings account. But I would ask the Liberal Party to look at the word "trust" and focus on that word to see whether it has the same meaning.

The member made an analogy in a personal household. I think it's a fair analogy, but I will also point out that there are many households in our province where people hold mortgages on their homes — that is, they have a long-term debt — while at the same time they often have RRSPs, they buy Canada savings bonds, Alberta capital bonds, and some of them may even own shares at the same time as they're holding this debt on their property. The same with many companies, and I don't see in and of itself a particular inconsistency with a government having debt and savings at the same time, especially in Alberta when we have something that's not just a savings fund but a trust fund.

That's why I think it's important at any point in any of our policy making that we take the long-term view. To liquidate the Heritage Savings Trust Fund is in some ways an appealing prospect, but in my view it simply looks at a short-term, even a simplistic, I would say, quick-fix solution. I would put it in the same category, Mr. Chairman, as the liquidation or privatization or sale of Alberta Government Telephones, of Alberta Energy Company, or any of a number of assets held by this government. It's a short-term solution which fails to address the long-term problem. What liquidation of the trust fund would do is nothing more than postpone dealing with the problem. The problem is, as the member pointed out, a deficit that has each year, consistently now for the last number of years, hovered around the \$2 billion figure. Now the province's accumulated debt is somewhere in the neighbourhood of 13 and a half billion dollars. If the trust fund were liquidated next year and some of that debt were paid down but you didn't address the problem of a yearly deficit, some year down the road you're still going to be back up to a position where you have 13 and a half billion dollars of debt but you no longer have the assets to sell off to solve that problem. So I'm just saying to the hon. member that at some point the government has to divorce itself from the trust fund and deal with its problems without having to look to the trust fund to solve them.

What I suggest we do is ensure that that trust fund is there for the future — that's what it's all about — and deal with the problem as a problem: not postpone it, not pick on sort of an easy solution or a quick fix in order to meet some short-term political objective. You've got to eventually deal with the problem, not postpone it, and ensure that the trust is maintained in terms of this trust fund. I'm really concerned that we're going to allow the savings aspect of the trust fund to predominate and fail to recognize that all of us in this arena have a trust responsibility to the future. In my view, that has to be the central question that is addressed by this committee and by this government.

MR. CHAIRMAN: Thank you.

Calgary-Foothills, followed by West Yellowhead.

MRS. BLACK: Thank you, Mr. Chairman. I'd like to first make a comment on the hon. Member for Edmonton-Meadowlark's opening comments, where he said that this was the priority recommendation by him and his colleague and that if this recommendation failed to be accepted, then all other recommendations would be in place.

Well, either you have a principle or you don't have a principle. If you have a belief, then you stand up and you back that belief. But to put one recommendation in on the premise that "if this

fails, then we'll bring in the second string" really is a very weak belief to put forward. I think if they believe, as they have said not only in this Chamber but in the news releases and on television, that this fund should be liquidated, then that should be probably the only recommendation that they support in these hearings this year, and all others they should back away from. If they don't believe in that, then they should stop using it as a political ploy to deal with some of the economic problems that we face in this province and in this country.

Since this fund started a decade and a half ago, I wish I had kept track or a tally sheet of the number of times that I have heard people say, "Sell off the heritage trust fund." It's probably been spent 45 times if the truth were only known. Yet as the Member for Calgary-Mountain View so aptly put it, it should not be used to deal with debt. It is, in fact, a trust, and it is a trust that has been given to the people of Alberta by the government and the people of Alberta. That trust should be maintained.

3:40

I know the members don't often agree, but when you look at the span of this fund, how it has gone through agricultural projects, research, technology, economic diversification, environment, quality of life, health care, education, it covers the span of the entire life-style and backbone of Alberta all within this fund. Some areas probably stand out more so than others, but all are part of Alberta's life and have probably been enriched, where they may not have been, through this fund.

I think it would be criminal to break that trust that was given to this fund. I think it's disgraceful, quite frankly, to have the Liberal Party want to dump the fund, liquidate it, to deal with the debt issue. I knew before we came in today that the argument would be the cost of borrowing as opposed to the return on investments from the fund. But the problem is, as again the Member for Three Hills and even the Member for Calgary-Mountain View stated: if you do that and don't address the financial problems that we face as a province, then the year after you've done that, you start building up the debt again. Selling off the heritage trust fund is not going to resolve the financial burdens faced in Alberta. Rationalizing programs and dealing with realities is what will deal with the debt that we face as Albertans. Albertans are going to have to start to make choices like all Canadians are if we're going to deal with our debts. But to disband this fund and liquidate it is certainly the wrong direction to go.

I look at some of the presentations that we have had this last month, and I think of one in particular where the Alberta medical research people came before our committee and went through in some detail the pancreas implants that they're doing for severe diabetics. I would daresay that if there had not been funds through the Alberta Heritage Foundation for Medical Research, that research may not have been developed and it may not have contributed to quality of life for those folks that are suffering from severe diabetes. I look at the cancer research that has taken place in this province, and the new techniques of chemotherapy, et cetera, that have been placed with the Cancer Board through the heritage medical research.

I notice when the Member for Three Hills was alluding to these advances that have been made, the Liberal members were saying, "They're not for sale; they're not for sale." Surely preservation of people's lives is not something you're going to put a price tag on. That's what this trust fund is all about, quality of life, and it's a trust. It's a trust that was given, and if the Liberals continue to want to divest this fund completely to pay off debt, I think the people of this province will realize, one, that they haven't got any

principle because they've waffled on it and, secondly, that they cannot be trusted with a trust fund.

Thank you.

MR. CHAIRMAN: Thank you.

The Member for West Yellowhead.

MR. DOYLE: Thank you, Mr. Chairman. It's most interesting listening to the debate on this very important issue, and it was nice to hear from the Member for Edmonton-Meadowlark. At least one of his colleagues has agreed with him. It's seldom that you find one or two of them agreeing on any issue in that caucus. I'm sure, as their leader has many times said, that they want to get rid of the heritage trust fund. I'm sure he has no clearer understanding of the heritage trust fund than does the Member for Edmonton-Meadowlark.

Mr. Chairman, this trust fund, as other members have said, was a trust fund for future generations. Some of the investments we in the Official Opposition do not agree with. The fund perhaps hasn't stayed or been inflation-proofed, much like the Alaska Permanent Fund, or been invested in projects that have gained the revenues that perhaps the Alaska Permanent Fund has. The government did take the initiative to invest in many good projects like cancer research and other medical ventures to generate new ideas and good benefits for the health of Albertans.

[Mr. Payne in the Chair]

I would like to say to the Liberals: what funds would they use, then, once they sold off and got rid of the Alberta heritage trust fund? I have heard no other suggestions from the member or the party that there are some new ventures that would generate new revenue to pay down the balance of the debt after the heritage trust fund was depleted. Nor have I heard of any ventures that would in fact service the debt that is presently operating in this province. If the member studies the financial statement of the heritage trust fund, he should be able, or the caucus should very easily be able, to see that there is not enough money available in marketable securities to in fact pay down the debt. So we would be rid of our trust fund; we would still have a debt, no new revenue coming in. As suggested by others, the only economics that the member seems to understand is Cormie economics, economics to get rid of the assets at the expense of others.

Mr. Chairman, we in the Official Opposition cannot support such a silly and misunderstood recommendation as that proposed by the Member for Edmonton-Meadowlark.

MR. ACTING DEPUTY CHAIRMAN: The Member for Cardston.

MR. ADY: Thank you, Mr. Chairman. I'd like to enter into the debate for just a few minutes, primarily to first of all state that I certainly don't support the position that we should be selling off the fund.

Secondly, I'd like to deal with some of the remarks made by the Member for Edmonton-Meadowlark having to do with the value of the fund, in that he indicated that there really was not any value left in the fund. Mr. Chairman, there certainly is value left in the fund. We have an audited report from the Auditor General of the province telling us that we have almost \$4 billion in cash and marketable securities in the fund. That is money or securities that could be sold on the stock market within a few days. It would put cash in the fund. I don't know if the hon. member feels that it should all be sitting there in cash so that someone can go and look

at it to ensure that there is something there, but cash and marketable securities are just that.

Let me move on to the next one. To say that that might be all – I daresay that the Canada investment division could be sold for far more than the book value of it today, that being almost \$1.2 billion, which has given us a return considerably above the interest rate of the day. That \$1.2 billion, to my knowledge, is as safe as you can get an investment in Canada today. I rather think that we hold security against Hydro-Québec, which would be valid. They're a responsible entity and, I might say, a very profitable one. If someone had some concern about the Canada investment division, I suspect that it could be readily placed for more than the \$1.2 billion, because the rate of interest paid on the Canada investment division ranges from 9 and a half percent to 16 and a half percent. In today's marketplace that's a very desirable investment and one that I would suspect we could place very quickly.

Then we move on to the commercial investment division, which shows at the last quarterly report something like \$342 million, and that's stocks and bonds. The market is very buoyant today. That could be moved into the market, I'm sure, for considerably in excess of the \$342 million of book value. If we just add those numbers, we're at \$5.5 billion of those very liquid assets. For the member to indicate and have it recorded in *Hansard* that there is little if any value left in the fund is misleading. I don't think it's fair to malign the fund in that manner. He talks about the fact that there has been no real beneficial investment made by the fund. I really have to take issue with that, and I'll take on the very one . . .

3:50

MR. TAYLOR: Point of order, Mr. Chairman.

MR. ACTING DEPUTY CHAIRMAN: We have a point of order.

MR. TAYLOR: Mr. Chairman, the issue here is whether to sell the heritage trust fund; it's not the value of the heritage trust fund. It's a very interesting speech, but it's not addressing the subject at all.

MR. ACTING DEPUTY CHAIRMAN: With respect, hon. member, I'm not so sure that's a point of order as it is a debating point that could be made by your colleague when he concludes debate.

MR. TAYLOR: Well, Mr. Chairman, whether the fund is worth 2 cents or a hundred billion dollars, the issue is whether we should sell it. It's not what the value is.

MR. ACTING DEPUTY CHAIRMAN: The Member for Cardston.

MR. ADY: Thank you. Mr. Chairman, I would not be making those points had they not been made by the hon. member when he initiated the debate. I'm just trying to get the facts on the record so that they'll be factually represented. Obviously I've touched a nerve, and the hon. Member for Westlock-Sturgeon is having difficulty with it. I'm just trying to get some facts on there of points that he raised in his debate.

He talked about the fact that there's been no worthwhile diversification. Let me talk about the very issue that he seemed to take such issue with, that being the Alberta Home Mortgage. Granted there was a great deal of money loaned to the Alberta Home Mortgage. The hon. member wasn't here, nor was I, when

those loans were taken down. Had he been around here at that time, he would have known that there was a dramatic shortage of mortgage money available to people to buy homes in the province back in the days when that debenture was placed with the Alberta Home Mortgage Corporation. Consequently, it was made available to people who needed housing in this province and could not get mortgage money. Subsequent to that, the financial institutions moved into place, and mortgage money is available. So with the proper planning of the fund, much of that portfolio has been divested – \$1 billion, almost, in the last year – bringing it down to about \$2 billion still owing from the Alberta Home Mortgage Corporation. Hopefully, that picture will improve even more dramatically over the short months.

I share with the hon. member the concern over the large amount of money that was owed by the Alberta Home Mortgage. I share with the member the concern that he has over the amount of money that the General Revenue Fund had to subsidize. But bear in mind that if we had not had the Alberta Heritage Savings Trust Fund available, the government of the day probably would have been forced to go out into the private sector and borrow that money, and that same revenue generated through interest would have been paid out into the United States, Europe, wherever. Under this scenario, that interest has at least stayed in the province. To my mind, although it has not been a great investment, it was a social investment to some point for the betterment of the life-style of the people of Alberta, that they could have homes. Certainly that was one of the blocks that the fund was set upon.

The Syncrude scenario: \$500 million-odd invested in Syncrude. It's paid more than that back in the dividends paid to the province and, in addition to that, about a billion dollars in royalty. I guess the investment isn't all that bad there.

The Husky upgrader: the projections are that today heavy oil coming from the tar sands in northern Alberta sells for about 9 and a half dollars a barrel if it's not upgraded. Costs by the Husky upgrader are projected to be about \$7 a barrel, for a total of \$16. However, the upgraded oil coming out of the Husky upgrader will sell for \$25 or \$26. Is the member indicating that's not a good investment?

I think we have a viable fund. Certainly there are assets there. Certainly there are assets there that should be preserved for our posterity, and frankly whether it's the government of the day or some government in the future, I don't believe that we should be removed from the responsibility of paying down the debt, the money that this generation spent, not the future generation. We should not be relieved from that responsibility. I oppose it on that basis. The feet of the government should be kept to the fire, whoever the government might be. Whether it's ours or anyone else's, they should pay the debt they incur. Consequently, I do not support this recommendation, and we should not disburse the Heritage Savings Trust Fund. I call on the committee members to defeat the motion when it comes to be voted.

Thank you.

MR. ACTING DEPUTY CHAIRMAN: The Member for Calgary-Foothills.

MRS. BLACK: Thank you, Mr. Chairman.

Just for clarification on the point of order from Westlock-Sturgeon. He made the comment that the fund wasn't worth 2 cents or he wanted to know if it was worth 2 cents.

[Mr. Ady in the Chair]

I will ask him to refer to the audited financial statements, the opinion letter given by the Auditor General of Alberta, in which he says:

These financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 1991 and the results of its operations, the changes in its financial position and the amounts expended within the Capital Projects Division for the year then ended in accordance with the disclosed basis of accounting, as described in Note 2 to the financial statements.

I have a question. I'm wondering if either member of the Liberal Party could tell me: are they questioning the integrity of the Auditor General for signing an opinion letter?

MR. CHAIRMAN: Hon. member, just a moment. The Chair really feels that you should come back in on the debate, hon. member, as opposed to calling that as a point of order, and deal with it in the debate. It's a fair point on debate, and hopefully all members who want to make points on this motion should come in as part of the debate. Under the rules of the House you can come in as many times as you like, and I believe it will flow better if members are prepared to do that.

Are there others who wish to speak on the motion? All right; the Member for Westlock-Sturgeon.

MR. TAYLOR: If I may speak to the motion – first of all, if I may clarify it, this is the second time I've heard the Member for Calgary-Foothills come up with something that she heard that I haven't heard. I'm sure, Mr. Chairman, my comment was whether the fund is worth 2 cents or \$200 billion; the issue is whether we should sell it or not, not what the value is. You can go on and argue ad infinitum what it's worth, but we don't want to get into that. We're talking about the whole principle of whether to sell it.

Mr. Chairman, one of the things I think we have to be clear on here on the fund is that time has passed it by. When the fund was first put in – and I happened to be one of those that didn't like it even then – there was a strong argument that in inflationary times the government should bleed off excess funds and put them off to the side rather than overheating the economy by putting it back into the economy or by overly increasing the civil service. As it turned out, we did inflate the economy anyhow, and we did increase the civil service. But today the point of any sort of a fund – and it surprises me to hear some of the thinking that I hear going on here. It doesn't matter whether you're an Esso or whether you are the government of Canada or the government of Alberta; the byword is to reduce debt – and I say this to my NDP friends – so that when you reduce debt you increase your cash flow because you're not paying as much on your debt. Consequently, that cash flow is available to give you some elbow room. Otherwise a large debt brings down many, many corporations, many governments, where there's no room or latitude to move.

Now, Mr. Chairman, I think the hour has arrived, and I would like to adjourn debate and be on the top of the order paper next time around. So if the Chair will consider it, I'd like to adjourn debate.

MR. CHAIRMAN: Thank you.

Those in favour of the motion? Thank you. Motion carried. We stand adjourned until next Tuesday.

[The committee adjourned at 4 p.m.]

