

Standing Committee on the Alberta Heritage Savings Trust Fund Act

10:04 a.m.

[Chairman: Mr. Ady]

MR. CHAIRMAN: We'll ask the members to take their places, and we'll call the meeting to order. This is the first day of the next phase of our meetings for our committee. We will consider the recommendations that have been submitted by the committee. There are some extra copies of the recommendations at the clerk's desk for those of you who may not have any. We'll be working from either draft 1 or draft 2. They're close enough that it won't give us a problem. [interjections] Order in the committee, please. [interjections] Order.

The process that was established for the committee is that at the beginning of this session today we would allow amendments by any members who wanted to amend their own recommendations. It's not acceptable to amend another member's recommendation, just so you're clear on the process. Do we have any amendments to be put forward by members of the committee?

The Member for Calgary-Fish Creek.

MR. PAYNE: Thank you, Mr. Chairman. Speaking to recommendation 2, I would like to add three words to the recommendation, so the recommendation now would read as follows: the Alberta occupational health and safety heritage grant program "be requested to" fund research, et cetera. I'm sure it's obvious to the committee members what I'm doing with that amendment. It just softens the focus a bit. I think it will make it more palatable to the members of the committee and more palatable to others that would be involved in the eventual review and implementation of the recommendation.

MR. CHAIRMAN: Thank you.

The Member for Lloydminster.

MR. CHERRY: Thank you, Mr. Chairman. I would like to read number 8: that the performance and mandate of the Alberta Family Life and Substance Abuse Foundation be -- "assessed" is the word that I would like to put in.

MR. CHAIRMAN: Would you finish reading the recommendation into the record?

MR. CHERRY: To ensure that its objectives do not duplicate those of the Alberta alcohol and drug abuse foundation.

MR. CHAIRMAN: Commission. You didn't mean to change the last word of the recommendation to "foundation".

MR. CHERRY: Oh, I'm sorry. Thank you.

MR. CHAIRMAN: Other amendments?

Member for Edmonton-Meadowlark, you have no amendments? You were briefly out of the room.

All right. That being the case, I assume that the committee is ready to begin the debate of the recommendations. The process that we have followed in previous years and that was accepted by the committee this year is that the member who moved the recommendation would open debate, others can speak to it, and then that member has the right to close debate. So with that process in mind we'll recognize the Member for Calgary-Fish Creek with recommendation 1.

1. Mr. Payne recommended that the Minister of Municipal Affairs be encouraged to develop additional initiatives to attract more private-sector investment in social housing projects.

MR. PAYNE: Mr. Chairman, at the risk of sounding immodest, once again I find myself on the leading edge of our discussions today. I think it's fortuitous that recommendation 1 deals with a subject that should attract support from the NDP and Liberal and Conservative members of the committee.

May I remind the members of the committee, Mr. Chairman, that when the minister responsible for Municipal Affairs related projects met with our committee, he indicated a sense of priority on this issue when he said, and I quote from October 20 *Hansard*:

Firstly, Alberta's social housing programs will be targeted to assist those with the greatest need; that is, those with the least ability to meet their basic housing requirements.

I would like to compliment the minister for establishing such a priority. I'm confident that I speak for all the members of the committee when I express my personal support for directing heritage fund dollars to such a need. This need is felt throughout the province but I think notably in the large urban centres of Calgary and Edmonton. That's certainly the case in Calgary. I would add my support to any initiative on the part of the minister to direct heritage funding to the social housing sector.

Having said that, Mr. Chairman, I want to emphasize that in social housing projects undertaken in this province and in other jurisdictions, it appears that when the private sector works with government, these projects achieve far greater success than those where government attempts to act alone or even where the private sector tries to act alone. So what I'm proposing in this recommendation is that the government and the private sector sustain and enhance their working relationship with respect to social housing, and in particular I'm recommending that the minister responsible for housing develop additional initiatives to attract that kind of private-sector investment. It should be apparent to all of us here today that precious little private-sector investment is being attracted to social housing, and I don't believe that it would take a great deal of imagination to devise taxation and other program or procedural initiatives so that the private sector could be drawn far more substantially into the social housing sector.

I think that probably will suffice for my introductory comments, Mr. Chairman. I welcome any other supporting comments from the members of the committee.

MR. CHAIRMAN: Edmonton-Beverly.

MR. EWASIUKE: Thank you, Mr. Chairman. I'm not sure that I can actually support the recommendation put forth by the hon. Member for Calgary-Fish Creek. I understand what he's suggesting, and perhaps there is room for the private sector in the social housing developments. However, I think historically and probably with some reasonable rationale they're not in social housing primarily because I don't think the private sector can provide social housing. They can't do that primarily because they are in the business of profit making, and there's no disagreement with that. What it really means if they get into social housing is that they also would then certainly require government subsidies to make a development viable for them. So the question has to be asked: who are we subsidizing in terms of social housing? Are we subsidizing those who need the social housing, or are we in fact subsidizing the private-sector developers, whether it be through taxation or through some other initiatives on the part of the government?

So while I'd like to see the private sector get involved in social housing projects, my experience and information suggests that they are really not interested, for starters, and secondly, even if they were, it would really be that the government would have to subsidize those

projects to a large degree, to such an extent that in the final analysis it may be more viable for the government to simply go ahead and develop these housing projects for those who need rather than inviting the private sector to become involved.

MR. MUSGROVE: Mr. Chairman, at a meeting that I was at with the former Minister of Municipal Affairs, he made a statement something to the effect that government should get out of building subsidized housing; they should make some kind of an arrangement with the private sector to provide housing for the underprivileged with a subsidy from the government rather than providing the building as such. He rightfully said that government can't build and maintain buildings as good as the private sector.

Now, the way he suggested this arrangement probably would be was that those people who qualified for subsidized housing would pay whatever portion of their income necessary through the public sector, and then the province would top that up. It would be a guaranteed arrangement with so many units in private-owned housing units. Personally, I think that probably is a better way of providing housing to the underprivileged than the province going out and building houses.

10:14

MR. CHAIRMAN: Thank you.
The Member for Lacombe.

MR. MOORE: Mr. Chairman, the Member for Bow Valley stole my speech. I'm in support of this motion. I feel that the private sector as well as government has a responsibility to provide for the citizens. They're all game players out there in society. I think we should develop initiatives that bring the private sector into this area.

Now, we see the private sector getting into many of the senior housing programs on their own. I think that in Lacombe we have something like eight or nine developments for seniors only that were developed exclusively by the private sector. With a little direction and encouragement I think we could bring them in here to play a major role in providing facilities for the needy and our seniors as they come into that area.

So this is an excellent motion and an excellent direction to be going to.

MR. CHAIRMAN: The Member for Westlock-Sturgeon.

MR. TAYLOR: Thank you, Mr. Chairman. I would suspect that finding the Member for Lacombe and myself on the same side would be enough to shock the rest of the committee into voting against the issue. Nevertheless, I'll speak out in support of it. Certainly if there's anything all parties and all governments are looking for today, it's somehow or another to involve the private sector in what has traditionally been government-sector spending. This is almost an all-party resolution and is quite fitting for a member that they say is going to retire. It's impartial and straight to the point and philosophically correct, so we'll vote for it.

MR. CHAIRMAN: Thank you.
The Member for Stony Plain.

MR. WOLOSHYN: Mr. Chairman, I too like the idea of private-sector investment getting into the field of social housing, but I think we have to focus on what we mean by "private-sector investment" and what we mean by "additional initiatives." If these initiatives are simply a matter of offsetting or guaranteeing the investment, then I think it would be prudent for us not to spend more money than is necessary to achieve the same goal. So although I give a qualified

support to this, I would like to see that the additional initiatives are only in the sense that they will encourage the private sector to invest in social housing as opposed to giving such incentives that the private sector is really fronting government dollars to get involved in these social housing projects. So I reiterate: I like the idea, but I don't want it to be just a mechanism by which we mask how these tax dollars get into a social housing field.

MR. CHAIRMAN: Edmonton-Beverly.

MR. EWASIUK: Thank you, Mr. Chairman. Just additional comments. I think there is a vehicle in place where the private sector indeed can become involved in social housing programs. We have the lodge program, for example, where the Greater Edmonton Foundation, a nonprofit organization, works with government and the private sector to develop lodges. It seems to me that if we are going to move in the direction of some private-sector development of social housing, perhaps we should do it through a vehicle like a nonprofit organization. Edmonton Housing Authority, I believe, would be an example, a case in point, where there is arm's-length operation from the government, but they also would utilize the private sector to build and operate social housing.

If the intent of this recommendation were perhaps to go in that direction, then I could certainly find room to support it, but, again, rather than simply subsidizing the private sector in one form or another, I would rather see the subsidy going to the residents of social housing than going to a developer. Our experience has told us that many of the social housing projects that have been built by the private sector have really not stood up to the tests of good construction, good maintenance, and so on. I think there are examples of those kinds that would argue against working with the private sector in this area.

So I come back to my initial discussion: while I have no particular disagreement with the private sector being involved, I think it should be done through a nonprofit organization rather than direct private sector.

MR. CARDINAL: Mr. Chairman, I'd like to speak in support of this motion, because there is a definite need for social housing for lower income people in Alberta. As you're aware, government involvement in social housing right now is pretty heavy. You look at the civic housing across the province, the involvement between the federal government, the municipal governments, and the province: you have rural and native housing; rural home assistance; you have the rural home emergency trailer program; you have urban Metis housing; you have co-operative housing in Edmonton; and you have Canative Housing in Edmonton and Calgary.

Private-sector involvement in social housing is not a new concept. It has worked in the past, and there's no reason why it can't work in the future. The program has already been used for major centres like Edmonton, Grande Prairie, Fort McMurray, and areas like that, where a private investor could finance through Canada Mortgage and Housing and provide housing for lower income people based on income. The program works well. I fully support that we should also provide that additional option to what's available now to lower income people in Alberta.

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

MR. PAYNE: Mr. Chairman, I'd like to thank the members for Bow Valley, Lacombe, Westlock-Sturgeon, and Athabasca-Lac La Biche for their support of what I feel is a very fine and timely motion. It seems to me that the resistance to the motion that's been expressed

by the members for Edmonton-Beverly and Stony Plain is based more on ideology than on logic. I can only reinforce what the Member for Athabasca-Lac La Biche has quite properly pointed out. This concept is not new. We're not breaking new policy ground. It's been tried in other jurisdictions, and it's been tried through the Canada Mortgage and Housing Corporation right here in Alberta with success.

I'm really interested that the Member for Edmonton-Beverly on the one hand says that he's really uneasy about involving the private sector but that if we're going to involve them, what we need is yet another government body, like a housing authority; you know, let's add another bureaucracy to help solve the problem. That's not the kind of approach that I'm suggesting in this resolution, Mr. Chairman. What I'm proposing is a solution based on teamwork or partnership between the private sector and government. We don't need additional bureaucrats. We don't need additional regulatory bodies. I think that partnership has worked in the past, and it can work in the days ahead.

Of course the private-sector participants won't be driven by the profit motive, at least not directly or in the near term. The Member for Edmonton-Beverly observed that, and I agree with him. But there's no question that, through subsidies or indeed through taxation policy, that involvement by the private sector can be stimulated, and it's that stimulus that's the intention of this motion. I'd encourage all members, putting ideology aside, to support a worthwhile and timely resolution.

10:24

MR. CHAIRMAN: Thank you. That concludes debate on recommendation 1.

The Member for Calgary-Fish Creek to introduce debate on recommendation 2.

2. Mr. Payne recommended that the Alberta occupational health and safety heritage grant program fund research into the health and safety implications of cigarette smoking in the workplace and that related health and safety promotion campaigns be undertaken.

MR. PAYNE: Mr. Chairman, the purpose of this motion -- and I hope it will have unanimous concurrence of the members of the committee -- is to urge the minister and officials who administer the occupational health and safety heritage grant program to consider funding research into the health and safety implications of cigarette smoking on the job and, secondly, that health and safety promotion campaigns be undertaken.

Now, this is not the resolution of a born-again nonsmoker, Mr. Chairman. I admit that for a number of years I smoked, but I regard myself as very tolerant of those who are trying to work themselves through that addiction. I hope that I would be viewed as tolerant on that issue. However, may I remind the members of the committee that when the program officials and the minister were here, they talked about the various heritage funded programs that are going forward to try to minimize work practices and environmental conditions that impact the health of our work force. It just seems most curious to me that so little if any attention is paid to the issue of smoking on the job when it is clearly the largest contributor to worker ill health.

I'm advocating with this recommendation, Mr. Chairman, that additional dollars not be obtained but that there be a reallocation within existing program dollars to help in the multifaceted program that's already going forward to encourage and to educate workers

about the health implications as well as the safety implications associated with smoking.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you.

The Member for Lloydminster.

MR. CHERRY: Thanks, Mr. Chairman. I can certainly concur with the hon. Member for Calgary-Fish Creek and what his recommendation is here. I guess one of the things that I look at is that the Alberta Family Life and Substance Abuse Foundation itself does take into consideration just what the member was saying: the need for education in the workplace for all Albertans is certainly a high priority. At the same time, I don't think we can just place it in one area. I think we have to start with education when they're very young and bring them forward from there. Now, I thought at one time that the program of nonsmoking was working very well, but then having the experience of going out and talking with some people and looking at the younger generation, it certainly is not apparent that this education is doing the trick.

I just wanted to say that I certainly support the member and hope that we can move the recommendation forward. Thank you.

MR. EWASIUK: Mr. Chairman, I too want to support the motion. I think it's a motion that certainly deserves support. The only question I would have is whether there should be funding going into additional research. I think research to date has established without a doubt that cigarette smoking has health implications. I don't think we need to spend money in that area. I would tend to agree with the Member for Lloydminster that funding perhaps be directed towards more education and indeed at our younger population, starting somewhere at the school level. For example, last night I spoke with, just by coincidence, an individual who took some type of seminar sponsored by the Royal Alexandra hospital some five years ago. At that time he simply threw his pack in the garbage and hasn't smoked since as a result of the information he was exposed to during that seminar.

Rather than researching the implications -- I think we know what the implications are -- I simply think we have to direct it more towards promotion of the importance and the implications that cigarette smoking have on health care and the costs of our health care system. So I support the motion; however, I do question the need for additional research.

MR. MITCHELL: Mr. Chairman, on behalf of myself and my caucus colleague here today I would like to state simply that we would support this recommendation and that its wisdom is self-evident.

MR. CHAIRMAN: Thank you.

Does the Member for Calgary-Fish Creek have a closing comment?

MR. PAYNE: Absolutely. I want to correct a misconception, Mr. Chairman. I agree with the Member for Lloydminster and the Member for Edmonton-Beverly that millions of dollars of research have already been conducted into the health implications of cigarette smoking. Precious little research, however, has been done on the safety implications. I can't think of a more relevant and timely research exercise for this particular program than to examine that issue. How many men and women have been injured on the job because of the distraction of reaching for a cigarette in an ashtray or the distraction of lighting a cigarette? How many have been injured because of temporary drifting of cigarette smoke into their eyes,

either from the cigarette itself or from the ashtray, affecting their vision? It seems to me that there's just an infinite variety of risks on the job in the workplace associated with cigarette smoking, and very little research has been done in this area.

With that one correction I would like to thank the members who have spoken in support of this recommendation today.

MR. CHAIRMAN: Thank you. That concludes debate on recommendation 2.

We'll recognize the Member for Ponoka-Rimbey to introduce debate on recommendation 3.

3. Mr. Jonson recommended that funding at the current level be extended to the Farming for the Future program for a period of two years.

MR. JONSON: Yes. Thank you, Mr. Chairman. This recommendation is presented here because the Farming for the Future program has been supported on a year-to-year basis, and one of the things that we are often told about research programs, even a very practical hands-on based type of research such as Farming for the Future supports, is that there should be some certainty, some lead time given to the people that are planning research projects and wanting to work on them. I notice in the annual reports that come to us from the Farming for the Future people that each year they're going through a number of renewals of different research projects. Some of these projects are, yes, just one year, but it's more commonly a three-year project or a five-year project. I could have recommended that it be extended for five years; however, given the content of recommendation 4, which I hope will be supported, I felt that there certainly should be approval for their operation for the coming year and the year beyond that.

As I've already referred to recommendation 4, I'll just mention that that would also mesh with number 3 in that it would ensure that there'd be an evaluation of Farming for the Future's work done in the interim.

MR. CHAIRMAN: The Member for Stony Plain.

MR. WOLOSZYN: Thank you, Mr. Chairman. I and my colleague would also like to concur with this particular motion. I think it's very fitting that Farming for the Future be recognized and be guaranteed some continuance in view of the fact of the work that has come out of that particular program. I wholeheartedly agree with the Member for Ponoka-Rimbey that it's very difficult to have projects going when the funding, although it may be assured, is never guaranteed. So for that reason and given what motion 4 coming up is going to do, we support this.

MR. CHAIRMAN: The Member for Westlock-Sturgeon.

10:34

MR. TAYLOR: Thank you, Mr. Chairman. I'm going to rain on that parade a bit, I believe. I'd like to speak against it. I think the Member for Ponoka-Rimbey's next motion, evaluating the program, is a good one. If we're doing that and they've already been approved for one year, I don't see funding them for two years. I happen to believe that a great deal of our research in the agricultural sector is fractured, coming from many areas -- the private sector, the government sector, and the universities all competing -- quite often, I think, repeating a lot of the work.

I can't help but be impressed by, say, the University of Purdue, which does all the research for the state of Indiana and a portion of the research for a number of their neighbouring states with no

research being done by the department of agriculture at all. I'm not suggesting that agriculture be downsized to nothing, like it is in the state of Indiana, but I am saying that there is another type of research out there that is not being done by government. It's being funded by a partnership, a university and the private sector. I believe the government of Alberta has stuck its nose too far, too deeply, and too expensively in the whole field of agricultural research without proportionate gains. So I would vote against it.

MR. CHAIRMAN: The Member for Wainwright.

MR. FISCHER: Thank you. I have to support this motion simply because for the amount of dollars that we put into that -- we cost share it with the private sector. They do an awful lot of the work. When I think of what would happen if that was done by our government and think of the equipment they'd have to buy and all of the things that you'd have to do, for instance, to only seed some different crops or monitor things, you'd have to have a whole bunch of new equipment, new everything, which would be a huge cost. I believe this is likely the cheapest research that we can do, when we joint share it with our private sector. I realize that there could be some duplication, a bit of abuse if you like, where people are maybe doing the research to benefit themselves, but I think research, when you look at it, is something that has to be done. It's very long and painful sometimes to go through all of the steps to prove things. The other very positive thing about Farming for the Future is that you already have it out in the field, and to transfer it into the industry is much easier when farmers and agriculture people are right there to see it.

So I would like to wholeheartedly support this motion. I think if we want our industry to keep up with the other countries around the world, then we had better put some money towards new development. It's coming at us from every direction, and we have to be on top of it.

Thank you.

MR. CHAIRMAN: Thank you.

Just prior to recognizing the next member, the Chair notes that a group of students, I presume, has come into the gallery. We'd like to take a moment and welcome them here and advise them that they're watching the proceedings of the Select Standing Committee on the Alberta Heritage Savings Trust Fund Act. We're presently debating recommendations before the committee in today's meeting. We welcome you to the committee meeting and hope that you'll enjoy your day at the Legislature. Perhaps the committee would like to give them a warm welcome. Thank you.

The Member for Lacombe.

MR. MOORE: Thank you, Mr. Chairman. I think it's a very good motion, especially when you see that the opposition has also recognized it as a worthwhile recommendation.

One part that I find very good about the Farming for the Future program is that it involves the farming community. They're involved very heavily throughout with their plots and following through on a lot of the projects. This is an example that we should see with all research. It should start with the people that are involved, not from the academics and come down to the people like so many others. It's annoying to see so many academics take research dollars and write up private papers to further their doctorate trail. In this program we don't see too much of that because we're involving the farming community. It's an excellent example for other research projects.

MR. CHAIRMAN: Are there other members? If not, I'll recognize the Member for Ponoka-Rimbey to close debate.

MR. JONSON: Yes, very briefly, Mr. Chairman. I think there's a very practical side to this recommendation as well, and that is that we have a number of projects currently going forward that are projected as being able to exist for two or three or four years. Just cutting off funding in this particular year I think could lose a great deal in the way of results from the projects that are currently under way. I think two years is a reasonable time for a review and an evaluation to be done, and then I think a well-considered decision could be made at the end of that time.

MR. CHAIRMAN: Thank you. That concludes recommendation 3. We'll move to recommendation 4 and recognize the Member for Ponoka-Rimbey.

4. Mr. Jonson recommended that an evaluation of the Farming for the Future program be conducted to assess the need for the program relative to the industry's needs and other agriculture-based research.

MR. JONSON: Yes, Mr. Chairman. To some degree we've been debating and making references to this recommendation, which is certainly, as I've said, related to recommendation 3. As has been stated, I think we do have a growing number of agencies, levels of government, private and postsecondary organizations involved in the whole area of agricultural research.

I do appreciate the point that was made by the Member for Lacombe, and that is that Farming for the Future is still somewhat unique in that it is a farmer-generated or an industry-generated type of research and therefore always comes, I think, from a view of what's practical, what's really needed within the industry. However, I think there is an overall challenge as far as this area of research is concerned, and that is that we need to cut down on duplication, direct the funds that are available in the most effective way possible, and therefore I think an evaluation should be done. I learned after this recommendation was put in that just such an evaluation is being contemplated, but I think the committee by passing this recommendation could give support and some drive to that evaluation.

MR. TAYLOR: I'd like to speak in favour of this motion. As far as I'm concerned, it should have been the only one. I think it's actually counter to number 3. The arguments used by the Member for Ponoka-Rimbey to support number 4 were the exact same ones I used to turn down number 3. Nevertheless, I'll vote for number 4. It's a commonsense one, and it should have been the only one that was on there covering the two.

MR. CHAIRMAN: Member for Ponoka-Rimbey, do you have closing comments on recommendation 4?

MR. JONSON: I thought I'd made them before Westlock-Sturgeon spoke.

10:44

MR. CHAIRMAN: All right. Thank you.

We'll move to recommendation 5 and recognize the Member for Ponoka-Rimbey.

5. Mr. Jonson recommended that in anticipation of the dramatic increase projected in the demand for postsecondary education in the next decade, the merits of increasing funding to the heritage scholarship fund be assessed with a view to expanding

the scope of scholarship provisions and providing assurance that current volume-driven programs will be maintained.

MR. JONSON: Well, Mr. Chairman, I'd like to just make three or four general comments about the importance of postsecondary education and of making sure that there are adequate incentives for certainly our most able students.

In the exercise that was conducted through the Department of Economic Development and Trade, one of the themes that emerged was the need for keeping Albertans -- and, in a more general context, Canadians -- well trained, to provide a general emphasis in this particular area because this was very, very essential to the economic prosperity of our province and our country. It seemed to me that this type of emphasis had never been so strong before in this province in any of the other reviews that had been done.

Secondly, I'd like to just mention that the heritage scholarship fund has certainly been a success up to this point in time. The money that was put away there has been well taken care of, invested. It has appreciated in value. The scholarship program is running off the income from that fund and not diminishing its initial value. Therefore, I think it is a good example of a place where the heritage fund is certainly serving as a heritage vehicle, something that is providing for the future of our young people.

Now, when the Minister of Advanced Education was here speaking to the committee, and it certainly has been referred to in other places, it was mentioned that Alberta is going to be experiencing a tremendous increase in the demand for postsecondary education and that certainly the whole area of postsecondary education could use additional funding if it was available. Therefore, Mr. Chairman, although I recognize there's been a review completed just recently on the merits of specific scholarships and so on within the existing program, I am asking here that there be a long-term look at this particular fund: whether an additional allocation of money is necessary to make sure that the volume-driven programs can be paid for and also to see if there are merits in expanding the scope of the scholarship provisions so that the postsecondary student population can be served in the best way from this type of fund.

MR. CHAIRMAN: The Member for Stony Plain.

MR. WOLOSHYN: Yes. This, I feel, is an excellent recommendation, and although the review was just completed in June last, as the Member for Ponoka-Rimbey pointed out, I think it was pointed at looking specifically at what's involved in there. Some of the directions taken from the June review and being implemented I think are just excellent. This particular motion to expand it to be accessed by a greater number of students entering the postsecondary field I think is very appropriate and very timely. I'm also very pleased to see that the motion includes a provision to ensure that the volume-driven portions of it would be maintained. On that basis we would be supporting this motion.

MR. CHAIRMAN: The Member for Lloydminster.

MR. CHERRY: Thanks, Mr. Chairman. Yes, I too want to support this recommendation, although I do believe that we must be very careful on what we do in the future. I say that because I believe that during the '70s, in the good times, we thought that the bubble would never break, and I'm just cautioning that we don't get carried away with this recommendation and put in more scholarships than we can handle down the road. I will say in conclusion that I do support what the member is trying to accomplish in his recommendation.

MR. CHAIRMAN: Thank you.

The Member for Westlock-Sturgeon.

MR. TAYLOR: Thank you, Mr. Chairman. I, too, would like to speak in favour of it and also the hope that we might be able to attract some private money. Just as we're hoping to use heritage trust fund money to kick-start some of the public housing, or heritage trust fund money to kick-start maybe some of the trapped-in private money, I think the same could be done on scholarships. You see it quite often when money is used to build a huge office building. They'll allow the prime tenant to name it their building: the Esso building, or the Johnston building, or whatever it is. It's mainly a case that the private sector gets some recognition, but money added into the fund allows us to go a lot further in offering volume scholarships. There's no question that the need is there; the only question is whether we have enough funds to keep up.

MR. CHAIRMAN: The Member for Athabasca-Lac La Biche.

MR. CARDINAL: Yeah. I'd like to speak in support of the motion. I think the intent of the motion indicates "expanding the scope of scholarship provisions." I know how valuable these scholarships are to the students. I know that in northern Alberta, in particular, we do have a problem in getting more students involved in postsecondary education, that the percentage is reasonably low now, and that we need to look at innovative ways of increasing that. The existing northern development bursaries, for an example, provide for third- and fourth-year postsecondary education when the problem is the first and second year. Generally, if a student makes the first and second year, the third and fourth year can be accomplished through student loans. I hope this review could include that process also.

Thank you.

MR. CHAIRMAN: The Member for Ponoka-Rimbey to close debate.

MR. JONSON: That's fine, Mr. Chairman.

MR. CHAIRMAN: Thank you.

We'll move to recommendation 6 and recognize the Member for Ponoka-Rimbey.

6. Mr. Jonson recommended that more consideration be given to using the leverage of Alberta heritage savings trust fund involvement to attract private capital to the funding of programs such as those for housing and small business.

MR. JONSON: Mr. Chairman, I recognize that this motion has some similarity to the Member for Calgary-Fish Creek's recommendation 1. My reason for placing this recommendation before the committee relates to what I and I think the other members who were on that particular tour felt was a very successful approach that had been taken by the board administrators of the Alaska fund; that is, that they were able to raise a multiple of private-sector funding over the fund's investment to provide support for their housing programs. Interestingly enough that funding was raised in the continental United States and applied in Alaska. Likewise, although as I understood it their corporation was not quite as fully developed in this area, they were using the same approach to build a fund for providing financing to small business. It seems to me that that type of approach to utilizing the leverage of heritage savings trust fund money should -- I wish it had been tried prior to this time, but it's certainly something that I think we should still look at more seriously and with more effort than we have up to this point in time. At least that is my impression of the situation. Perhaps there's been

more effort at this than I realize, but I'd like to see the recommendation passed. Then we would find out in responses whether it would be received favourably, whether work has already gone on in this area, or just what the situation is.

10:54

MR. CHAIRMAN: Thank you.

The Member for Edmonton-Beverly.

MR. EWASIUK: Mr. Chairman, I basically can agree with the recommendation. I think using the Alaska model perhaps is a major difference between recommendation 1 and this particular recommendation. I particularly like the notion of providing assistance to small business. Certainly if we're ever going to get the economy of this province moving, I think small business needs to be considered in terms of some assistance, and if it can be done from the Alberta heritage savings trust fund, I would certainly agree with that. I guess if I were to put a caveat on my comments it would be -- I think we make recommendations further down in this report this morning that we have to remove the political implications of dealing with the heritage trust fund so that we don't have the same type of experience, as this recommendation is suggesting, as this province has had over the last several years: you know, topping up with the NovAtel issue. I think it's important that we as a government work with small business and assist small business, and the heritage trust fund is a good vehicle for that. So I'm prepared to support this motion, only with the reservation that I already expressed.

MR. MUSGROVE: I just have a question, Mr. Chairman. Would this provide some initiative for vendor financing in the sale of farms and small businesses?

MR. CHAIRMAN: Okay.

The Member for Westlock-Sturgeon.

MR. TAYLOR: Yes. I'd like to speak in favour of it. It's a very good motion. It would have been a perfect motion if the member had added the words "and scholarships" right at the very end so that you use the leverage of Alberta heritage trust fund to attract private capital to the funding of housing, small business, and scholarships. However, I'm not allowed to amend his motion. So, imperfect as it is but approaching a good motion, I will support it.

MR. CHAIRMAN: Thank you.

Does the Member for Ponoka-Rimbey wish to close debate?

MR. JONSON: Mr. Chairman, I would just like to respond to the Member for Bow Valley who posed a question, and I guess in a sense I'm also responding to the Member for Westlock-Sturgeon. I think that certainly agriculture could be added to the list. I can't quite follow the reason to add scholarships. Nevertheless, because we are talking about making money here and business type operations, I do appreciate the point that the Member for Westlock-Sturgeon made with respect to earlier recommendations about involving the private sector in raising money for scholarships.

Mr. Chairman, I chose to focus on housing and small business because, first of all, I think we have a need to move out of housing. It has been the policy of the government to divest itself of its Alberta housing portfolio and to focus on specifically areas of social housing, and that's certainly something I support.

The other thing, Mr. Chairman, is that I feel that we should be looking harder at providing sources of funding to small business. I'm not in any way advocating a program which provides a free ride, but I think that we are somewhat behind perhaps in looking at

alternative sources of funding and help to our small business sector. There's been the local development initiative carried out. In the course of that a number of different models related to community bonds and other things were discussed, but we haven't as yet had too much concrete action in that particular area. I think this is another alternative that should be looked at. I am suggesting that in looking at the future and the future needs of small business, it hasn't really received the attention that it should have.

MR. CHAIRMAN: Thank you.

We'll move to recommendation 7. I recognize the Member for Lacombe.

7. Mr. Moore recommended that in future years the fund's interest revenue remain in the Alberta heritage savings trust fund to sufficiently offset expenditures in the capital projects division.

MR. MOORE: Thanks, Mr. Chairman. I think all members of the committee are well aware that the interest revenue that the heritage trust fund generates goes into the general fund of the government. When we review that process and see that we have many, many excellent projects under the capital projects division, I think that over time, if we don't maintain the financial integrity of the fund, it will have to be reduced or eliminated. I think we should not be put at risk of that happening. When I look at the capital projects division -- there are all the various areas that are there: Advanced Education with their scholarship fund; Farming for the Future; Agriculture, which we talked about; Education with the heritage learning resources, and on and on -- I think it's time we took action to ensure that the financial stability of this fund is not watered down or eliminated like the Member for Edmonton-Meadowlark would like to do with his motion 25. We need it here. It plays a major role for us. I think the motion itself speaks to that, that it's in the interests of Albertans that we retain some of this interest revenue, at least sufficient to offset the expenditure in the capital projects division.

MR. MITCHELL: Mr. Chairman, I must speak against this particular motion. In fact, it seems to me that this motion would amount to a corollary of the Conservative leadership hopeful Mr. Quantz's idea that somehow the interest of the heritage savings trust fund should be paid directly to whomever in Alberta so that that would assist in some kind of economic development. What Mr. Moore and undoubtedly the person he's supporting, Mr. Quantz, have in common is a complete and utter lack of understanding of what is in fact happening in the heritage savings trust fund. First of all, the nature of the earnings in the heritage savings trust fund is very, very suspect. A huge portion of what the heritage fund "pays" or "earns" in interest is earned on debentures to a variety of Crown corporations which generally lose money. They are only able to pay the interest because the Treasurer takes money out of the general revenue fund to subsidize these Crown corporations. So you have a perfect circle: the general revenue fund subsidizes the Crown corporation, the Crown corporation then pays interest on its debenture to the heritage savings trust fund, then the heritage savings trust fund turns around and pays that money to the general revenue fund. Clearly, that is a problem.

The second point I would like to make is that the capital projects division of the heritage trust fund is little more than the Treasurer's way of avoiding coming to grips with his true debt and his true deficit. He funds projects out of this capital projects division rather than funding out of the general revenue fund. He also funds capital projects now out of this new capital account that he's created. The capital account and this capital projects division in fact contribute

directly to his deficit, but he doesn't acknowledge it. What we must stop doing is building projects that we simply can't afford.

11:04

I guess my final point, Mr. Chairman, is that when Mr. Moore talks about "in future years," one has to seriously question what he expects is going to happen between now and whatever "future years" means to get this government's budget in order, so that it isn't completely and utterly dependent upon whatever vestige of true interest revenue remains from the heritage savings trust fund.

What we believe the trust fund can do to get us from now to future years somehow intact fiscally, is to take whatever assets can be liquidated in the heritage trust fund -- understanding that these assets are earning less in interest or less in return than an equal or even greater portion of the debt that this government has run up is paying -- and realize that what we can do is reduce that debt and reduce the net outflow of cash, which should be a priority of this government. It should be an obsessive priority of this government to reduce our debt so that we can begin to get this government's fiscal house in order.

The fact is that the heritage trust fund is worse than useless, Mr. Chairman. Not only does it now earn less money than we pay in interest on an equivalent amount of debt and therefore it's actually losing us money, but in fact it leads people like the Member for Lacombe and government management to believe that they have money that they don't have. That money's gone. It leads the rest of the country to believe that we have money that we don't have; they think we're rich. We have to stop sending that message to government management. We have to stop sending that message to the rest of this country. We are not rich. We have serious, serious fiscal problems, and if ever we needed to see a reflection of the naiveté about those fiscal problems, it is seen in this recommendation by the Member for Lacombe.

We will be voting against this recommendation.

MR. CHAIRMAN: Are there other members? The Member for Wainwright.

MR. FISCHER: Thank you, Mr. Chairman. After listening to the last comments on the heritage fund and how the money is being handled and the uselessness of the fund, I couldn't help but just say a few words about it. I don't see how anyone can agree that the medical research endowment fund or the scholarship endowment fund are useless. If that's what useless is, then I think the Member for Edmonton-Meadowlark has got things mixed up a little bit.

Certainly there are some things that need to be done to make some adjustments on the general revenue fund and on our budget, but I don't think we should be using the integrity of this particular fund to do that. If there's something wrong with the management and the budget of this province, then let's fix it. Why would you sell off the financial assets of the fund, the liquid assets that are creating 10.7 percent interest, I believe, when you can't invest money at that rate now? It would seem to me that would be a very stupid thing to do.

Now, as far as this motion goes -- and I am a firm believer that the heritage fund has done this province a tremendous amount of good. If we're going to protect that, then we do have to put some money back towards it. I listened to many people on this committee wanting to spend more money, expand. Whether it's medical research or scholarships or some kind of research, we want to keep expanding. There's a reason for that, and it's because a tremendous amount of good came out of it. But if we're going to expand those projects, then we have to have some extra money come into it.

I would support this motion. Certainly it may have to be phased in and so on, but I think it's a move in the right direction. I can't say enough about the things that this fund has done. Syncrude has

provided billions of dollars into the economy of this country. It's paid our health care; it's paid our education. It's done tremendously great for this country, and I can't see anyone just selling it off because they don't like it.

Thank you.

MR. CHAIRMAN: The Member for Stony Plain.

MR. WOLOSZYN: Thank you. Mr. Chairman, I think this motion does have a large degree of merit. I think it's extremely important that we come to grips with what is really happening in the operation of the Alberta heritage savings trust fund. I do appreciate the fact that there is circular financing going around with respect to what the Member for Edmonton-Meadowlark has alluded to: general revenue giving money to a Crown corporation, the Crown corporation paying back heritage savings, and so on. What we have to appreciate, however, is that the Alberta heritage savings fund should operate on its own merit.

There is a sufficient amount of controversy currently going about as to what the real value of this fund is, whether it's \$15 billion, \$12 billion, \$9 billion, or \$5 billion. In any event, as another member pointed out, that's a management issue, and we should come to grips with that at some point. The reality is, however, that the fund is diminishing. The reality is that the fund has a lot of potential. I support wholeheartedly this motion, at least the first half of it where it indicates that the revenue from the fund should remain in the fund.

In view of the fact that this fund can be tapped currently and in the future to do projects that it's intended to do that will help Albertans down the way, to take and liquidate the whole process with some sort of hairy idea that there are sufficient funds left to have some impact on the debt I think is not very well thought out. I do agree with the Member for Edmonton-Meadowlark that the debt has to be addressed -- the deficit has to be addressed, definitely -- but to take and say that this particular motion would by some way, shape, or form impede that action is certainly beyond me.

The only criticism I would have is that if that particular motion were expanded to just fund research and capital projects or to have some reference made of how the capital projects division would be operated, I could support it totally. At the moment, I think the intent of it is very sound, and I would have to give my qualified support to it.

MR. CHAIRMAN: Are there other members wishing to debate? If not, we'll acknowledge the Member for Edmonton-Meadowlark to close debate.

MR. MITCHELL: It's not my motion, but I'm happy to close debate.

MR. CHAIRMAN: I'm sorry. The Chair apologizes.
Edmonton-Meadowlark to continue debate.

MR. MITCHELL: That's fine. Thank you, Mr. Chairman. I would like to respond in particular to the comments by the Member for Wainwright and also to some extent to the comments from the Member for Stony Plain. First of all, nobody is suggesting that the Alberta Heritage Foundation for Medical Research endowment fund be sold. We have never suggested that. In fact, when we talk about selling the assets of the heritage fund, we talk about selling what would be considered under generally accepted accounting principles as being the real assets; that is, the non deemed assets of the heritage savings trust fund. I raise this because the Member for Wainwright pointed out that this endowment fund had created a great deal of benefit for Alberta. Nobody denies that. I would argue that it might be enhanced in its benefit if we could focus more clearly on

technology transfer and the economic development spin-offs that could occur or perhaps simply be enhanced from the findings of the efforts of the Heritage Foundation for Medical Research. My point is that the Auditor General tells us on page 38 of the heritage trust fund report that this endowment fund is a deemed asset. That isn't something that we would sell. It isn't owned by the heritage trust fund anyway, and that's why it shouldn't even be included in this particular report. The deemed asset is very misleading, and clearly once again it's misled the Member for Wainwright.

11:14

My second point relates to the member's argument that somehow we're making money in the heritage trust fund at a level of 10 percent that we couldn't find another investment to replace. Well, if the member would understand that if he takes that asset and liquidates it and pays off debt that is costing us more than 10 percent, then he has found a better way to invest that money. While he wants to listen to the Treasurer, who appeared before this committee, and wants to believe what that Treasurer tells him, if he would add up the debt and the interest rates on the debt of this province, he will find an amount of debt that is equal to the amount of real assets held by this heritage trust fund, and the interest we're paying on the debt is greater than any amount of interest that we're earning on these assets. So if we liquidate the assets and pay off the debt, we have answered his concern; we have found a way to invest that asset de facto at a higher rate of return than it is earning where it is earning it because it will pay off a debt on which we are paying a greater rate of interest. I just have to shake my head when I hear this kind of analysis -- and I use that word loosely -- from members such as the Member for Wainwright.

My third point relates to his and the Member for Stony Plain's general contentions that somehow this fund has a future. Please. When do they come to grips with the fact that we have dire economic, dire fiscal problems in this province, in this government, and we do not have the luxury of talking about that in future years interest revenue will remain? This government has a \$2.6 billion deficit promised for this year alone. It has a structural deficit that is at least \$1.5 billion to \$2 billion, and it still has backbenchers in its own ranks, supported by backbenchers in the New Democrat ranks, dreaming about some economic nirvana in the future that is going to be sustained by a heritage savings trust fund which de facto is probably bankrupt. We've got to sell off what's in there and pay off debt so we can get on with some semblance of fiscal responsibility in this government.

We're voting no to this motion because it's the only sensible thing to do.

MR. CHAIRMAN: The Member for Wainwright.

MR. FISCHER: Thank you. I have to take exception to a couple of comments there, and one of them is that paying off the debt that we're paying more interest on is not true. Certainly with the interest rate where it is and has been this past year, it's definitely not true. In my mind, and I said it before, if there's something wrong with our budget and our general revenue, then let's fix it, but let's not sell off something that is making more interest than what we're paying and turn around and pay it off and still have the same problem. So I cannot agree with that portion of it.

MR. CHAIRMAN: Before I recognize the Member for Edmonton-Meadowlark, I suppose this was the thing that we discussed to try to avoid in the process, and that was two members going at one another for an extended period of time over one particular issue. We now have that going on, and I'd ask the members to consider what they're

doing and keep this within reason so that we can at least allow this process to stay in place.

The Member for Edmonton-Meadowlark.

MR. MITCHELL: I appreciate what you're saying, Mr. Chairman, and I will definitely keep it within reason. I'm surprised that you would question me in that regard.

I simply want to point out two things to the Member for Wainwright when he says that interest rates dropping solve the problem that I'm talking about. Maybe he should understand that he has a great deal of long-term debt which is much higher than that.

Secondly, I think he should understand that if he would simply look at his own public accounts report and add up the list of debt, he would soon find that there is a total of debt upon which we are paying a higher rate of interest than we are earning on the equivalent amount of assets in the heritage savings trust fund. If he would simply do that, he would see that we could pay off debt upon which we are paying a higher rate of interest than we are earning on the equivalent amount of assets in the heritage savings trust fund. This is not a complicated comparison, and it seems to me that he may have been -- I don't want to say misled -- but that he should pursue the Treasurer or make the comparison himself before he continues with statements such as the ones that he's making this morning.

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

MR. MOORE: Thanks, Mr. Chairman. It was interesting listening to the Member for Edmonton-Meadowlark, as always. It's very evident that he and the Member for Edmonton-Kingsway went to the same school of economics. I've listened to the same speech from the Member for Edmonton-Kingsway. It didn't make any sense then, and it doesn't make sense today. However, it has underlined the rhetoric we've heard from the Member for Edmonton-Meadowlark. It only underlined his lack of knowledge of government. Government has to quit spending -- not anything to do with the heritage trust fund. If we're going to reduce that deficit, it's in the area of spending. That's where you create deficits, when you spend. If you'd listened to the nine people that are going around the province in the last month, you'd have heard a lot of ways they were going to cut the spending, and that wasn't do away with the heritage trust fund, which is not creating the debt. I think that the Member for Edmonton-Meadowlark must realize that the heritage trust fund is not creating the debt of this province and therefore should not be the victim to be done away with to address the deficit. It has absolutely nothing to do with the deficit, the heritage trust fund. That is why the Member for Edmonton-Meadowlark is completely out of step with reality, with what's going on.

I think we have here, and I would address the members -- if the Member for Edmonton-Meadowlark would listen instead of talking to his colleague, he would look on page 55 of the financial statement of the heritage fund and look at these worthwhile projects. I would take that he's against all of them if he is going to liquidate and do all this. I see in Education the heritage scholarship fund; going to Agriculture, all those terrific programs in building the future of Alberta; going to Environment, land reclamation. Those types of things are certainly ensuring the future of Alberta. We go on to Forestry, Lands and Wildlife. Reforestation, grazing reserves, maintaining our forests: these things are tremendous projects. My colleague from Wainwright pointed out the cancer research and the Mackenzie health centre. Those are things that are terrific in contributing to the future of Alberta. I feel that we should maintain the capital projects division because it enhances our quality of life and ensures the future quality of life for Albertans, and by this

motion -- I hope that it'll pass -- it will give us that ability to maintain those projects.

MR. CHAIRMAN: Thank you.

The Chair recognizes the Member for Lloydminster to introduce debate on recommendation 8.

8. Mr. Cherry recommended that the performance and mandate of the Alberta Family Life and Substance Abuse Foundation be assessed to ensure that its objectives do not duplicate those of the Alberta Alcohol and Drug Abuse Commission.

MR. CHERRY: Thanks, Mr. Chairman. The recommendation that I put forward on the Alberta Family Life and Substance Abuse Foundation is one that I think has to be taken very seriously. I want to indicate to you that I was involved in the foundation. We went around the province and got the ideas from the people out there. I think it was some 15 or 16 public meetings that we held at the time. I think the people that were involved in there, in the public meetings, certainly indicated to us that they thought that the foundation itself was very, very worth while.

11:24

As you remember, it was a pledge of this government at the time, in 1989, a \$200 million endowment from the heritage trust fund so that a foundation would be set up. I know it's been slow in coming. I know when the minister of Seniors, who is in charge of the foundation, was here before us, I certainly addressed the question of why it was taking so long to get this foundation under way. I believe the foundation was one that was tailored after the medical research foundation. Basically, what the committee drew on was a lot of the expertise from the medical foundation and that this foundation itself would operate very, very similarly to the medical foundation and not have anything to do with the Alberta Alcohol and Drug Abuse Commission; AADAC, in other words. In the public meetings I guess we felt that some people did think we were trying to erode AADAC, and that was not the purpose of this foundation whatsoever. AADAC has done and is doing an excellent job, but this foundation is different to what AADAC performs and their job description.

Mr. Chairman, I just wanted to make those comments that the mandate of the Alberta Family Life and Substance Abuse Foundation is one that this government took very, very highly in 1989. Hopefully with the \$200 million endowment we can carry on and help the people of Alberta with the problems of drugs and alcohol. Included in that, if anyone has read the report, was also the smoking of cigarettes and tobacco. That was covered also in the foundation itself.

I will listen with a keen interest to the members here on what they have to say, Mr. Chairman. Thank you.

MR. CHAIRMAN: Edmonton-Beverly.

MR. EWASIUK: Thank you, Mr. Chairman. I am going to support the motion. I think a review of the performance and the mandate of the Alberta Family Life and Substance Abuse Foundation needs to be assessed to ensure that its objectives do not duplicate those of the Alberta Alcohol and Drug Abuse Commission. Quite frankly, it seems to me that when this assessment is carried out, the findings will state very clearly that the foundation is in fact a duplication of the commission. Although the Member for Lloydminster may not agree, I think the foundation in fact is a duplication of the commission at the present time and that we would be saving ourselves a fair amount of money in the fund by simply doing away

with the foundation and concentrating our efforts on the good work that the Alberta Alcohol and Drug Abuse Commission is doing.

MR. CHAIRMAN: Westlock-Sturgeon.

MR. TAYLOR: Yes, Mr. Chairman. I'd like to speak against it. If you look at it, it says "do not duplicate" each other. Well, it's only by the most fantastic stretching of political reasoning and trying to back up the government that you could argue that they don't duplicate each other. Having a review of the performance to see that they do not duplicate each other is almost a conflict in the English language.

The point is that they do duplicate each other. One was put up by the Premier, who obviously hadn't kept much track of what was already going on, didn't know we already had a drug abuse foundation, created the Family Life and Substance Abuse Foundation, whose only performance is to give an additional committee for which we can give backbenchers more allowances. We could go on and on forever. We could form an Alberta substance foundation. Then we could have another one, an Alberta alcohol commission, then an Alberta drug commission. It could go on forever. So the motion is nothing more than a bit of window dressing to try to get around the fact that both these things were doing the same job. In fact, the Alberta family life one was created, I think, without any knowledge that there was an Alberta Alcohol and Drug Abuse Commission already in place. So I can't support the motion, because supporting the motion would imply that there was a need for both. There's only a need for one. To have a study after all this time when everything from editorials to some of their own back bench to independent research has all shown they're doing the same work -- we've sat here and examined the ministers in charge of both of these foundations, and try as we might, we couldn't find what they were doing differently from each other. So I think this motion is nothing more than a bit of window dressing to try to win a little bit of cheer and try to establish in the minds of the public that they are indeed different, when they're not.

MR. CHAIRMAN: Does the Member for Lloydminster wish to close debate?

MR. CHERRY: Thanks, Mr. Chairman. The Member for Westlock-Sturgeon: I'm totally disappointed and surprised that he has such a narrow road to travel on. First of all, if I can enlighten him, a foundation is somewhat different from what AADAC performs. The foundation does not -- I say again does not -- perform the same duties that AADAC does. The foundation is there to provide the monetary programs that AADAC does not do. So I still believe in my recommendation that we do have an assessment to ensure that the objectives are not duplicated.

Mr. Chairman, I want to say this: it took us, I'll bet you, a number of months before a lot of people in the general public, just like the Member for Westlock-Sturgeon, understood the difference between the two entities. So I believe in what I'm saying . . .

MR. MITCHELL: It took the Premier two seconds to come up with the idea.

MR. CHERRY: . . . and not because of the Premier. I think that's a real, real low shot on our Premier, who's done such an excellent job in this province. I think I want to leave at least a statement that this Premier has done a very good job, that he has supported this province . . .

MR. CHAIRMAN: Hon. member, I really believe that you should stay to the issue here.

MR. CHERRY: . . . and that he is fully, fully endorsing this foundation.

Thank you very much, sir.

MR. CHAIRMAN: Thank you.

I recognize the Member for Lloydminster to introduce debate on recommendation 9.

9. Mr. Cherry recommended that a cost versus results review be conducted on the occupational health and safety heritage grant program.

MR. CHERRY: Well, Mr. Chairman, this recommendation is fairly self-explanatory. I think that a review of the occupational health and safety grant program is one that should be undertaken. I think there can be some savings dollarwise in this. Many of the programs, to be honest with you, I thought were two-bit programs and could be done away with within the community itself. So I just leave that open to you, sir.

MR. CHAIRMAN: Thank you.

Are there those who would like to enter the debate on that?

If not, we will move on to recommendation 10. The Member for Lloydminster.

10. Mr. Cherry recommended that an examination be conducted of existing private-sector interaction and involvement in heritage-funded technology research organizations, such as the Heritage Foundation for Medical Research and the occupational health and safety heritage grant program, and recommendations be made as to how this interaction could be improved.

MR. CHERRY: Thanks, Mr. Chairman. You're keeping me right on here. My throat is getting dry. Recommendation 10 is one that I think could exist very well with the involvement of the private sector in there. I think that too often we don't get the private sector involved in these programs, which I'm sure they could do very, very well. That's why I put the recommendation in there.

11:34

MR. MITCHELL: Mr. Chairman, the Member for Lloydminster has recovered with this recommendation and, I should say, with recommendation 9 as well. It is appropriate that an examination be made of the manner in which technology research findings are transferred from organizations like the foundation for medical research and the occupational health and safety heritage grant program: how ideas, technology, research findings are transferred from these programs to commercial success. My fear is that as good as these programs are, their focus de facto isn't on the commercialization of their findings. That's not a criticism; I think that is really a recognition of reality. It would be very, very appropriate and wise for us to consider how the relationship between the research and the commercialization of this research can be enhanced to ensure that the greatest economic development returns are achieved for Albertans.

MR. CHAIRMAN: Thank you.

Does the Member for Bow Valley wish to speak?

MR. MUSGROVE: I just had a question, Mr. Chairman. I was wondering if the cost of these reviews that we're doing would be taken out of the heritage trust fund.

MR. CHAIRMAN: Perhaps the member could respond to that when he closes debate.

Are there others who wish to speak on this recommendation? If not, we'll recognize the Member for Lloydminster.

MR. CHERRY: Thanks, Mr. Chairman. I think the review end of it would be taken by the programs themselves to ensure that they are getting that interaction that could be a benefit to them, and perhaps they might already be doing this. I think it would be an excellent idea to have this go on.

MR. CHAIRMAN: Thank you.

We'll recognize the Member for Lloydminster to introduce debate on recommendation 11.

11. Mr. Cherry recommended that a review be undertaken of the impact and success of the Alberta heritage scholarship fund in increasing attendance in Alberta postsecondary institutions.

MR. CHERRY: Thanks, Mr. Chairman. Recommendation 11 fits in with recommendation 5 of the Member for Ponoka-Rimbey, if I'm not mistaken. That's basically what I was trying to get at here in the recommendation: to see the impact and the success in increasing attendance of postsecondary institutions. While listening to the member, he did say that the institutions were going to be overly crowded in the future, and I believe that perhaps this would be an excellent opportunity to take this into consideration.

MR. CHAIRMAN: Thank you.

The Member for Ponoka-Rimbey.

MR. JONSON: Mr. Chairman, I'd just like to ask a question of the Member for Lloydminster. Could he elaborate a little bit more on what the purpose of this recommendation is? That is, does he want attendance to increase? Or does he feel that by having scholarships, perhaps we're overloading the universities and colleges? What would be the valuable information that we would get from this type of a review or evaluation? What does he anticipate being the benefit of this review for directing government policy?

MR. CHERRY: Mr. Chairman, I believe that . . .

MR. CHAIRMAN: Hon. member, could you just perhaps, as mover of the recommendation, make a note of the responses and tie them all in at the conclusion? Would that be acceptable to the member?

MR. CHERRY: Sure. Fine.

MR. CHAIRMAN: Okay.

Then the Chair recognizes the Member for Westlock-Sturgeon, followed by Bow Valley.

MR. TAYLOR: Thank you, Mr. Chairman. Although I supported the previous motion, I have trouble with this one, too, for some of the same reasons that the Member for Ponoka-Rimbey has already asked: what's the point of doing it? Surely, scholarships do help people attend postsecondary institutions, and I think money spent on "impact and success", as it would appear here, would be wasted money. That would be money better put out for more scholarships than for studying what we've done. It seems to me that in this area it would be almost impossible and very expensive to follow up on.

I'd rather see the money, if we have any kind of money like this, added to the scholarship fund as proposed by the Member for Ponoka-Rimbey rather than going off on sort of what I wouldn't say is a wild goose chase, but it approaches that. Maybe we'd call it a wild turkey chase, but the point is that it's not going to do it.

MR. CHAIRMAN: Okay.

Are there others? Bow Valley.

MR. MUSGROVE: Well, Mr. Chairman, I don't see that our scholarship fund has that much direct effect on whether or not those students go on to postsecondary education. It's a small percentage of our higher quality students that win the scholarships, and obviously they're material for postsecondary education without the scholarship. I think these are of benefit to those students because, firstly, they don't require that high a student loan, which also reflects back on the cost of postsecondary education, and it gives them a status. They're proud to be involved in postsecondary education. I think the scholarship is a great thing, and I really don't know why we need a review of it to see if it's overloading our postsecondary institutions.

MR. CHAIRMAN: The Member for Lloydminster to close debate.

MR. CHERRY: Thanks, Mr. Chairman. The past three members' questions are good questions that certainly need answering. I guess the reason I put the recommendation forward is because I felt that the review would be one that would be important to see exactly for other students who wish to come into the postsecondary education, and it would also give them that little extra shot that so often is needed in that direction. I'm certainly hoping that the attendance will increase. At the same time, I believe that a review of any project or projects certainly is necessary a number of years after they start. That basically is the only way that you're going to be able to find out additional information or to justify if the scholarship itself is doing the job it was intended to do. So that is the reason why I put that recommendation forward.

MR. CHAIRMAN: Thank you.

The Chair recognizes the Member for Wainwright with recommendation 12.

12. Mr. Fischer recommended that consideration be given that the net profits from Syncrude be exempt from section 4(2) of the Alberta Heritage Savings Trust Fund Act, which states that the net income of the fund shall be transferred to the general revenue fund, thereby allowing Syncrude's net profits to be returned to the Alberta heritage savings trust fund.

MR. FISCHER: Thank you, Mr. Chairman. Recommendation 12 is a little bit similar to number 7, but it does specifically target which dollars we should put back into the trust fund. Being a strong believer in the heritage trust fund, in the great projects that we are realizing in this province like our medical research, I don't think anyone can argue the giant steps that we're making in cancer research, the breakthrough they've had in diabetes, and the many projects that we're doing. I don't think we can argue with those, and I believe that we have to preserve those kinds of things. These projects cannot go ahead unless some entity, if you like, can give a long-term commitment so that you can get people, experts and technicians, from all parts of the world to come here. It won't happen unless you can make a long-term commitment, which governments in general from their general revenue could not and would not be able to do. I believe we have to protect this fund from

inflation. If we believe in the fund, I believe it then has to be protected so that it doesn't dwindle away.

11:44

The other major reason I have for this motion is that if we take some of those funds, even if it's only a small amount, to try and protect from inflation, then it does make our general revenue fix some of the things, even some of the things that the Member for Edmonton-Meadowlark has been talking about. It makes them look at a few of the things that are wrong in our general revenue, where maybe we do have a loss in certain areas. We should repair those and stop the bleeding, if you like, but we need to have those fixed. If you take some of the money and set it over in this other pot, then we can do that.

Mr. Chairman, I would like to just support this motion. I believe very firmly in it. I think that last year we did pass this motion. We didn't get through it all the way, and it hasn't happened yet. The funding, if I could, that comes from the Syncrude project -- in 1990-91 there was \$82.1 million of net profits that could have gone back into it. In 1991-92 there was \$43.3 million that could have gone back into it. Certainly Syncrude's operation has been doing very well up there, and there could be a steady flow of money come back into the heritage trust fund.

Mr. Chairman, I ask other members of the committee to support my motion.

MR. TAYLOR: I'd like to speak against this motion, because it's allied very closely to motion 7 by the Member for Lacombe, where he's wanting the revenue to remain in the Alberta heritage trust fund. We heard quite an argument go forth there.

Listening to the debate between the Member for Wainwright and the Member for Edmonton-Meadowlark, I thought maybe one thing seems to have crept in to our understanding here of the heritage trust fund that isn't correct. The argument that one should retain funds in the heritage trust fund, to keep it away from paying down debt or in the general revenue, would be a valid one if we had two different managerial schools looking after the fund, but we have the Provincial Treasurer and the Treasury Department's advisers looking after both funds . . .

MR. MITCHELL: What a terrifying thought.

MR. TAYLOR: . . . which is a terrifying thought, which means that you've then got a Visa account and you have a savings account. Now, if indeed Uncle Louie and his relatives were over here looking after the heritage trust fund and over there was your brother-in-law looking after the current revenue, you could say: "Well, why liquidate this to pay off the brother-in-law's bad debts, because the brother-in-law's obviously been a profligate and poor manager. Therefore, we should keep all the funds over in this account because Uncle Louie knows how to look after it." But the point is that Uncle Louie and the brother-in-law in this case are the same. They're the same managers.

In other words, what we have is a savings account here and a Visa account there, so it make no sense whatsoever for the people to come back and say: "Oh, look. We'll just keep building the savings account. To heck with the old Visa. Let the interest -- sure, we'll pay 4 or 5 percent more." I mean, it's like discovering that the sun comes up every day to find out that you pay more for a loan than what you get on a deposit. That's the way the capitalist system works, and it's been working that way for thousands of years, long before Alberta was invented or Social Credit or even the Conservative or Liberal parties. You paid more when you borrowed than when you deposited; that's the way the system worked. Yet we

hear this infernal argument all the time: "Well, we've got to keep this little fund over here with Uncle Louie. We know how to do it. It's making money, and we won't use it to pay debt on the other." It's the same people. Now, if you can once prove to me that there are two different sets of managers, then you have an argument for keeping the one fund separate from the other, because you don't want the department that went in the hole to get ahold of the one that's making money. But when they're the same people, we're just pulling a joke on ourselves.

Consequently, I don't see why we even debate this thing; it's untenable. It's been followed historically since capitalism was invented to try to get rid of debt before you do savings. It makes no sense to have the savings account with one teller, the deficit over with the other teller, and then brag how much you've got in the savings account when you're paying more interest on the debt than you get on what you've got deposited.

MR. MUSGROVE: Well, Mr. Chairman, I want to speak in favour of this motion. It's only a part of the income of the heritage trust fund. It is from the energy portion of our income, so it fits the original intent of the heritage trust fund. One of the reasons I support this is because it will only be a portion of the income, and it will be an undetermined amount. As a matter of fact, it will vary from one year to the other, but it certainly should help to keep our trust fund from dropping annually with our capital projects. I think this is a good recommendation, and I certainly support it.

MR. CHAIRMAN: Edmonton-Beverly.

MR. EWASIUK: Thank you, Mr. Chairman. I rise to support the motion, but I certainly agree with the Member for Westlock-Sturgeon that the present management of this fund is flawed. There's no doubt about that, and his example of how it's being operated is certainly accurate. However, I think the economy of the province should not be totally reliant upon the liquidation of the heritage trust fund. I would think there are other mechanisms that can be put in place that are going to deal with the deficit the province has.

I think fiscal management and taking corrective measures can indeed deal with the deficit the province has at the present time. I think our consideration should be more for future generations. The heritage trust fund was in fact founded on the basis that it was going to provide funding for future generations, and I think it's incumbent upon us to ensure that the fund maintains that integrity. I think the motion would suggest that indeed. Having the Syncrude interest being paid directly to the fund and retained in that fund I think is one measure of ensuring that there will be a heritage trust fund for future generations.

On those bases I would support the motion, Mr. Chairman.

11:54

MR. MITCHELL: Mr. Chairman, I would simply like to emphasize the point made eloquently by my colleague from Westlock-Sturgeon, perhaps using other words.

The Member for Wainwright conjures up what can only be described as a frightful, Hobbesian choice. On the one hand, he would argue, we can either leave the profits from Syncrude in the heritage savings trust fund where the Treasurer can spend it or we can leave it in the general revenue fund where the Treasurer can spend it. I would like to simply remind the Member for Wainwright that this is a Treasurer who has given us eight consecutive deficit budgets and who has promised us three or four more. The prospects of pursuing Wainwright's line of reasoning in this recommendation are quite terrifying. What is reasonable to do at this time, Mr.

Chairman, is to take whatever profits you can get from Syncrude and whatever profits you can get from the sale of all the assets of the heritage savings trust fund, get them out of the hands of this Treasurer and simply pay down debt. We're voting no.

MR. CHAIRMAN: Thank you.
Calgary-Fish Creek.

MR. PAYNE: Mr. Chairman, I'm interested in the Nick Taylor formula for dealing with profligate brothers-in-law. Under the terms of that formula you go to Uncle Louie, get Uncle Louie to liquidate all his assets or whatever it takes, and then go over to the profligate brother-in-law and pay off his Visa. In my experience, that's a worthless, counterproductive exercise. Surely the more appropriate course of action is for Uncle Louie to resist that succulent temptation and force the profligate brother-in-law to more realistically deal with his recurring deficit situation. As a consequence, I just have to utterly reject the Nick Taylor formula for profligate brothers-in-law.

MR. TAYLOR: I'd be a hundred percent in agreement with the Member for Calgary-Fish Creek if there were indeed an Uncle Louie and a profligate brother-in-law. I say it has always been stuck in the Tory backbencher's mind that there is two, and of course it makes sense to leave it with Uncle Louie. What I'm saying here is that Uncle Louie wears the Treasurer's face and so does the profligate brother-in-law. In other words, it's the same people managing the funds, both sides, so there's no Uncle Louie. If there were, I would be one of the first leading a procession to him. If this fund had been set up here . . .

MR. MITCHELL: There's only a profligate brother-in-law, and he's married to your sister.

MR. CHAIRMAN: You're out of order. Order please.

MR. TAYLOR: An incestuous argument here.

The point of the matter is that this fund is not separate from government. It is managed by the government. It is managed by the Treasury Department, so there's no Uncle Louie. All we've got is the brother-in-law, unfortunately. If this fund were changed around to set up an Uncle Louie, then I think I could support it. But that's what I wanted to get across clearly: there is no Uncle Louie. So why use this argument to hold on? I know it's like saying that there's no Santa Claus at this time of year, but there's no Uncle Louie. There is only the profligate brother-in-law, and he runs both funds.

MR. CHAIRMAN: I'm sure that *Hansard* will make very interesting reading to future generations on this debate.
The hon. Member for Lacombe.

MR. MOORE: Mr. Chairman, I move we adjourn for lunch so we can digest all this food for thought we got this morning, especially the last bit. [interjections]

MR. CHAIRMAN: The movement for adjournment is not debatable, so all those in favour? The meeting stands adjourned until 2 this afternoon.

[The committee adjourned at 11:58 a.m.]

