

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Thursday, May 14, 1987 8:00 p.m.**

Date: 87/05/14

[The Committee of Supply met at 8 p.m.]

[Mr. Gogo in the Chair]

MR. CHAIRMAN: The Committee of Supply will please come to order. Before we proceed with supply, may the committee revert to Introduction of Special Guests?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Hon. member for Banff-Cochrane.

head: **INTRODUCTION OF SPECIAL GUESTS**

MR. STEVENS: Thank you, Mr. Chairman. I have the privilege tonight of introducing to you and through you to all the members of the Assembly, 46 good-looking, upstanding -- and they're all shaking their heads now, nodding in agreement -- representatives of the Forum for Young Albertans. Members of the Assembly, tonight, as many of us here were able to be free of other duties, we were able to meet with them and to enjoy supper with them through the hospitality of the Speaker of the Assembly. I know that we've had a tour of the building and that they're only here for a short time tonight.

Perhaps if I might ask, Mr. Chairman, if I call the names of the executive director and her associates, if they would stand as I call their names, we might all see them and recognize them. I'm pleased to introduce Linda Ciurysek, the executive director; Cameron Laux, director; Jason Rohrik, counselor; and Sandy Kravos, counselor. They are accompanied by a total of 46 fine young Albertans. Would the members please show their welcome in the usual way.

head: **ALBERTA HERITAGE SAVINGS TRUST FUND
CAPITAL PROJECTS DIVISION
1987-88 ESTIMATES OF
PROPOSED INVESTMENTS**

MR. CHAIRMAN: Perhaps before we get under way, the Chair could make a brief comment for our special visitors in the gallery. Only ministers of the Crown may present to the Assembly expenditures of public funds, and they flow from the budget, which was delivered by the Provincial Treasurer on March 20. Ministers take a special oath, and as such, only they can spend those dollars. Yesterday we concluded 25 days of sitting dealing with the estimates of the various 25 government departments.

Standing Order 58(2) of this Assembly provides for 12 sitting days for discussion of the Alberta Heritage Savings Trust Fund. Tonight we're dealing with the capital projects division of that fund. Hon. members, the material which you have is the matter before the committee tonight, some nine votes. Before we proceed, it's customary for the minister responsible primarily for the overall fiscal policy of the government to make opening comments, and we have tonight with us the hon. Provincial Treasurer. Mr. Treasurer, would you care to make some opening comments to the committee?

MR. JOHNSTON: Thank you, Mr. Chairman. It is truly an

exciting opportunity to introduce for discussion the debate on the capital projects division of the Alberta Heritage Savings Trust Fund. I know that over the period of consideration ahead of us, there will be many opportunities for us to discuss, to consider, to weigh, and to reflect on what has been one of the more magnificent success stories of any government probably in North America, if not in the civilized world. I think we should consider it in that context as we start to look today at the 11th year of the success story itself, a success story which traces its genesis back to the days when we had a fairly abundant amount of natural resources, and we knew that these natural resources were in fact depleting. There had to be some better way than simply turning these resources into expenditures, and we wanted to have some opportunity to at least show a unique way in which these funds, these natural resource dollars have protected and ensured the future of this province.

Mr. Chairman, when we look at this today, we must consider it both in the context of this remarkable and successful experiment, but at the same time cast our minds forward to what it is that can be achieved as we consider the decade ahead. Now, I know that, as I've indicated, there will be considerable debate. There will be considerable discussion, and that's helpful. Everyone believes that suggestions and debate is what in fact moves us along the course of impetus and the course of change. From the government's point of view, we are certainly open to those kinds of discussions and recommendations, and we are listening from a variety of sources to recommendations as to how this fund in general can be effectively used to continue the diversification, to invest in the future, and to make significant contributions to the so-called infrastructure of public services which now Albertans have come to expect.

I should say, Mr. Chairman, that the committee, under our colleague Mr. Oldring, from Red Deer, has had under consideration the heritage fund itself and has made some fairly significant recommendations to us and has had an opportunity to bring before that committee many ministers who are responsible, including the Premier, for the way in which the stewardship and the mandate of the heritage fund is provided. So there has been ample opportunity on a variety of fronts to have this discussion.

Moreover, Mr. Chairman, if you look at the Order Paper, you will see indeed that there is another resolution which we can deal with in terms of how the Alberta investment division itself is invested for the future of Albertans. The point I'm making here is that there is a great deal of opportunity for debate, for consideration, for discussion, for input, for challenging ideas, and that is what makes this such an important course that we're now embarking upon.

I want to thank John Oldring for his work as the chairman and to thank all the members for their recommendations to us. It certainly is helpful and has provided us with some valid guidelines for the way in which the fund is operated.

At the same time, Mr. Chairman, I couldn't help thinking when the young Albertans were introduced just a few minutes ago by my colleague from Banff-Cochrane how remarkable it is that they are here at this particular time and how easy it is for us to take for granted the kinds of successes and investments which are reflected in the capital projects division of the Alberta Heritage Savings Trust Fund. More will be said of that as we move through the debates, Mr. Chairman, but I simply wanted to draw to the attention of these young Albertans that you've grown up under the umbrella of the opportunity of the heritage fund, and moreover you will continue to develop within this province with the magnificent benefits which this fund will contribute to you.

We should not take it lightly; we should not take it for granted, but we should always continue to challenge the way in which this fund is operated and invested for the future of all Albertans.

The amount of money being voted and requested from the Assembly over the next few days, Mr. Chairman, is \$140,363,000. The estimates that I'm referring to, of course, have been tabled and are the 1987-88 estimates, proposed investments, for the capital projects division. I should note that the amount of \$140 million is down from last year's estimate of \$236,203,000. We're well aware why that is, and of course we did have to cap the heritage fund over the past budget period to simply allow the use of the additional resources in the General Revenue Fund itself to avoid high taxation and to avoid additional borrowing. Therefore, the \$140 million which is reflected in these estimates is in fact a continuation of our commitment to use the capital projects division for unique infrastructure investments, unique in the sense that they're not comparable to any other province in Canada and unique in the sense that they are striving to improve the quality of life for Albertans. I'll refer more specifically to those as we go through the estimates, Mr. Chairman, in just a few minutes.

Well, let's remember that the capital projects division is continuing within the heritage fund. A hundred and forty million dollars is probably a larger capital budget than most provinces will have over these economic periods. Of course, this is free money. This is money which is not borrowed; it's not derived from taxation. It comes from resource revenue or the internal generation of revenue within the fund itself. Therefore, Mr. Chairman, it is in fact a unique opportunity for us to use these dollars for these purposes. The purposes are clear. The importance is there, and I think all Albertans recognize the amazing and significant contribution which has been made.

Now, from time to time, Mr. Chairman, you're going to hear from the narrow opposition across the way. No doubt about it. It's too bad that our colleagues the young Albertans couldn't be here for this entire debate, because you're going to see people talk out of both sides of their mouths. It's really unusual. Remember what's in here. Here in the capital projects is investment in such important things as agriculture, housing, energy, the rural telephone line. And you know what, Mr. Chairman? One thing that for the life of me I cannot determine is why the opposition across the way continues to vote against the heritage fund.

Now, the record is clear, Mr. Chairman, very clear. When we raised the question of investment in housing, when we raised the question of investment in agriculture, when we raised the need for investment in medical purposes -- the fine facilities which extend right across this province or, for example, the magnificent investment in food production in agriculture, which is a major diversification of this province -- our socialist friends across the way don't vote for that. For the life of me I can't understand that, and I bet you a clear nickel, Mr. Chairman, that we're going to find these people across the way voting against the heritage fund before this debate is over.

I'm just a poor boy from southern Alberta, where in fact this fund has worked amazing benefits to diversify our economy. Irrigation. The southern part of this province has just gone through a period of excessive drought. Agriculture is under challenge from a variety of fronts, but we saw that possibility. We took the risk. We had a vision, and we made a commitment, Mr. Chairman, to ensure that the agricultural sector in southern Alberta was protected.

Now, I know, Mr. Chairman, that these gentlemen and ladies

across the way are going to be up here misleading Albertans, in fact. The money isn't there, they're going to say. The fund doesn't exist, they're going to say. Blow it, some of them will say. Well, that's not the vision this government has, and that's not the mandate this government has right now. We're the watchdogs of the future of Alberta. We have taken the courageous steps to invest these dollars, and we have taken the risk to do something. Clearly, we may have made a couple of mistakes. I'll admit that there may well have been a couple of mistakes in some of the processes. Even my colleague the Minister of the Environment clarified his position on the possibility of making mistakes earlier on today. Well, it's a humbling process.

Mr. Chairman, let me say that there will also be some criticisms about the capital projects division. There are going to be some people across the way who know very little about financial management, whose record of success in the area of financial management is certainly questionable, if not negative or non-existent at all. They're going to say that the assets don't exist. They're going to say that that hospital that's sitting over there by the university isn't an asset. I can't understand that kind of reasoning. For the life of me, I can't understand that kind of reasoning. Yet that's the claim they're going to make, and they're going to claim we should put those assets somewhere else.

I want to tell you, Albertans have a fierce sense of pride in this capital projects division. They identify with the objectives of this fund, and they know they are secure as long as this government is in charge of the management of this fund. I will give a commitment to all Albertans, Mr. Chairman, that as long as I'm part of this government -- and I think I'm speaking on behalf of all the Conservative members here -- we will be the watchguards of this fund. We will ensure its future, and we'll give careful guidance to the way in which this fund is managed.

Well, Mr. Chairman, as we move through the estimates, I want to suggest that as we look at the process before us, the way in which we debate the \$140 million worth of funds, it would be appropriate, I think, first of all -- I'm suggesting to all members of the House -- that we perhaps would have some opening introductions so that the members across, the socialist opposition, can have their piece about how they would do things, how they would spend it, how they would end it, how they would mismanage it. They will give us those guidelines, Mr. Chairman.

But once the rhetoric from across the way is over, then we would like to consider the fund in an orderly fashion. I would suggest that over the next 12 days, we probably work through these estimates on an alphabetical basis. Now, if there's a better plan or a better recommendation, I'm sure we're all open to it. But I would think as I look down and see some of my colleagues here tonight, we could start with the Premier, for example. We could start with the Minister of Agriculture, Mr. Chairman, who is here and who is anxious to talk about the major successes that he has made with respect to agriculture and what he sees as a [inaudible] vision for this fund. The minister of hospitals, with amazing responsibilities and major successes to talk about, I'm sure would like to participate. And I think as a reasonable recommendation, we should probably move through on that basis. I think that would be acceptable; I think my colleagues would like to do that. That would then save, in terms of organization, some of the uncertainty as to how we're going to focus.

Now, I know it's going to be difficult for the opposition to

focus at all, but that might be one suggestion for them, one pattern. Because I know they need a lot of guidance as they look forward to the next 12 days ahead, but that might be one way that in fact we could successfully move through this debate.

Well, Mr. Chairman, I have limited essentially my comments this evening to the area of the capital projects division itself. I would suggest that as the immediate mandate that is before us in the Legislative Assembly -- and I would suggest that because I have limited my comments -- it would only be appropriate for the comments themselves to be limited to the capital projects division. That doesn't tie your hands. Our colleagues are very skillful at drawing in a lot of different debate, but it seems to me that is in fact the mandate that's before us, and I would like to suggest that we attempt wherever possible to focus in that area.

So, Mr. Chairman, that's where it is. A record of success, unmatched; 11 years of very unique and amazing investments which have assisted Albertans, substantial investments in infrastructure, improving the quality of life, the major diversifications to our economy through the capital projects division, unmatched and, to some extent, unrecognized even by Albertans. That's what has happened with this fund.

So I know, Mr. Chairman, that as we go through the debate, I'll be listening very carefully to the recommendations. As I've said, I do hope that while we can meet some intriguing recommendations about alternatives, which is quite a fair approach, we should not deny the importance that this fund has had in terms of the fiscal plan for this province now and in the 10 years behind and in the 10 years ahead.

So, Mr. Chairman, I urge all members to participate in the debate. I do suggest now that, with your recommendation, after some opening comments we move to agriculture, because my colleague the Minister of Agriculture is quite anxious to get into the debate.

Mr. Chairman, I thank you very much for the opportunity to make these opening comments. I do look forward to the balance of the discussion over the next few days.

MR. CHAIRMAN: Members of the committee, the item before us tonight is the capital projects division of the Alberta Heritage Savings Trust Fund. There are nine departments: Agriculture; Community and Occupational Health; Energy; Environment; Forestry, Lands and Wildlife; Hospitals and Medical Care; Public Works, Supply and Services; Recreation and Parks; as well as Transportation. Inasmuch as the hon. Provincial Treasurer has opened the debate with regard to the capital projects division per se, it would be the view of the Chair that it is probably in order then for members of the committee to make comments, but they will be restricted to not the investment portion of the Alberta Heritage Savings Trust Fund but only to the capital projects division of the Alberta Heritage Savings Trust Fund that is before you.

Hon. Member for Edmonton Kingsway.

MR. McEACHERN: Thank you, Mr. Chairman. I've got to say the Treasurer's comments went a little beyond the capital projects division, so if I just trade on a couple of minor comments, perhaps you wouldn't get too excited. But I will basically stick to the capital projects division.

So the heritage trust fund was a magnificent success story, unmatched anywhere in the world. I thought Alaska did pretty well. There is a certain success in saving some money, but there are also a rather large number of problems. I was glad to note that a month or so ago the Treasurer recognized the need for a

major review rather than the rather limited one that the heritage trust fund committee recommended. Several of us had put in recommendations for a much more extensive study and review of the fund -- public hearings and that sort of thing -- particularly our party had a very detailed resolution to that effect. It was turned down flatly by the Premier and the Treasurer both. But I see . . .

AN HON. MEMBER: And the committee.

MR. McEACHERN: And the committee. And I see a month or so ago the Treasurer has now recognized the need. I'll be interested to look at the details of his study when he outlines just how extensive it will be, because certainly after 10 years and being into a new economic situation -- a huge deficit last year and a major deficit, \$1.9 billion, this year -- certainly indicates that it's time to start talking about how we can use the fund or how we need to use the fund in the next few years rather than how we can stash money away, as has been done in the past, and how we can spend it for the greater glory of this government, which is mainly what a lot of the projects represented.

The Treasurer mentioned the Alberta investment division. That's the debentures that the three Crown corporations require to continue to operate. They are summed up in Motion 13, and we'll get into a full debate on that later. [some applause]

[The Forum for Young Albertans guests left the gallery]

MR. CHAIRMAN: Hon. members, you can wave without clapping the desk. Hon. Member for Edmonton Kingsway.

MR. McEACHERN: Thank you, Mr. Chairman. The Treasurer said that these young people in the group up in the balcony had grown up under the fund. It's true; they're now going to spend the next few years either seeing it disappear or at least a counterbalancing debt that will equal the fund.

The Treasurer talked about capping the fund, and our party agreed with that. He said so we could avoid high taxation so that we wouldn't be putting more money out of the general revenue account into the trust fund. That was necessary to do at this time, because we're running a deficit. But that didn't really avoid high taxation, because the government took an extra \$1 billion out of the pockets of Albertans in his budget, so we now have taxation fairly comparable to that in other provinces in Canada.

The capital projects division, he says, are unique projects for Albertans, but they're not all that unique. Many of them are very similar to other projects that we do under the general budget of the province. So we built the University hospital. Okay, so we built it a little too luxuriously. In that sense, I suppose it's unique. But we built other hospitals too -- what about the Lougheed hospital in Calgary or the Mill Woods hospital here in Edmonton? -- out of the general budgets of the province. Why is one hospital under the heritage trust fund and another one under the budget? It doesn't really make an awful lot of sense. So the building of a hospital out of the heritage trust fund is just nothing more than sort of status seeking, trying to get re-elected, sort of saying, "Look what we did for you with your tax dollars." It's no different than if you'd taken it out of the budget. To put it in the trust fund first and then say that the hospital is under the trust fund, well, big deal. So what? It might as well have been under the budget. But it sounds good, and they can make a lot of brags. Actually, that same thing was true

in terms of the investments in the Alberta division, and I look forward to giving a pretty good analysis of that when we get to Motion 13.

As to the money, when you do these projects with Alberta money and say that that's free money, that doesn't really make an awful lot of sense. No money is free. If you put it in the bank, it would earn interest. If you spend it, then you don't get that interest. So no money is free. The Treasurer talks an awful lot of nonsense when he gets up and gets carried away, and he says a lot of things.

MR. CHAIRMAN: Order in the committee please.

MR. McEACHERN: Yes, sir. Thank you. He was bragging about investments in housing and agriculture, and I'm not quite sure why he picked on those two, but I can't resist, before I get into the specific capital projects division, points that I wanted to make.

Those are the two that were the least well explained in the trust fund hearings last fall. They were the two that didn't even have an annual statement for 1985-86 for the committee so that we had some facts to work with. The two ministers in charge did not bring us a set of detailed replacement documents to tell us what was going on. They are the two corporations that are in the most trouble. They're the lousiest investments out of the Alberta division that he could have picked, yet he starts bragging about them.

Now, I'm not saying that they weren't important social programs, and he chastised us for voting against the parts of the heritage trust fund. We will make up our own mind whether we vote in favour of or not in favour of the various parts of this capital projects division. But I'll tell you why we voted against the debenture expenditures, if you want to call them that, from the heritage trust fund into those Crown corporations last year. It was because you brought us in a motion that just stated that X numbers of dollars were needed, some \$370 million, for Alberta Mortgage and Housing.

MR. CHAIRMAN: Order please, hon. member. I hesitate to interrupt you. I should have interrupted the Provincial Treasurer. The business before the committee tonight is the capital projects division of the heritage fund, which does not include the Alberta Mortgage and Housing Corporation. I recognize the dilemma the hon. member is faced with because of the Provincial Treasurer, but I urge the hon. member to somehow steer back to the capital projects division.

MR. McEACHERN: I'll do that momentarily. I'm just on the verge of finishing that.

Just a last comment or two then from what the Treasurer said. He said that we would say that the value of the fund was less than it is, and yes, I will. And I'll explain at least part of that today. He said we would blow the fund, and I say we're not in government; we couldn't blow the fund if we wanted. This side of the House at this stage does not have control of the purse strings of this province. We will have after three years, though, and then you'll be able to see how we would manage what is left of the fund when you're finished decimating it.

As to the capital projects division specifically then, I have a number of things I want to say about that. The capital projects division to date has cost \$2.6 billion without the 1986-87 estimates, which add another \$0.23 billion. And in this year's estimates we plan to spend \$140 million. If you total that up, you

end up with \$2.97 billion or almost \$3 billion by the end of the 1987-88 fiscal year when we have approved these expenditures. The Treasurer will just have to wait to see whether or not we approve these expenditures vote by vote. We'll decide that for ourselves, and you're not to pay any attention to what he said about what we will or won't do.

One of the things that concerns me, Mr. Chairman, is that we're going to take 12 days of this House's time -- or at least we have the right to do that according to the Standing Orders -- to deal with \$140 million in expenditures. However, we just spent 25 days, which is only twice as much time allowed, to spend \$10 billion, and I'd like to go on record as making it very plain that I do not think we had enough time to adequately handle the budget. I know we've got a couple more days left on it in Bill form, but there are two or three of the departments who didn't even come before the House. We only got three out of our 10 days that the Standing Orders allow us initially on the budget, and so if you can compare the process we're starting into now to the process we were into on the budget, I've got to say that you rush, rush, rush for \$10 billion, and now you're offering us 12 days for \$140 million. It doesn't make any sense.

Now, as to the capital projects division, it's made up of the deemed assets, which make up the biggest part of it, and \$200 million that was given to Vencap. That \$200 million given to Vencap is not before the House at this time, so we set that aside and talk about the deemed assets. The deemed assets are the expenditures, some of which the Treasurer mentioned. As of December 31 they amounted to \$2.55 billion. At the end of this year, taking away the \$2.97 billion I mentioned a minute ago, if you take away the \$200 million for the Vencap part at the end of this fiscal year, there will be a total of \$2.77 billion expenditures on the deemed assets.

Now, what are the deemed assets? They are expenditures which by their nature may not necessarily yield a return. Some examples: scholarship fund, rail hopper cars, irrigation projects, medical research foundation, reforestation programs, Walter C. Mackenzie Health Sciences Centre, and Kananaskis Country. Those are the major expenditures that make up the deemed assets.

According to the legislation the deemed assets of the trust fund are not to amount to more than 20 percent of the total fund. I guess if you took the Treasurer's word that there was \$15.3 billion as of December 31 in the heritage trust fund, then the \$3 billion that I was talking about would be exactly 20 percent, so you would stay within that margin. However, I would like to point out that the deemed assets -- according to the Auditor General, according to our party, according to other political parties, and at least a couple of members on the Conservative side of the House agreed that the deemed assets should be removed from the assets of the heritage trust fund. You will not sell Walter C. Mackenzie hospital; you will not sell Kananaskis park; you cannot sell an irrigation project. You know, nobody else is going to buy out the research foundation; nobody else is going to buy up these scholarship obligations. So the consensus of most people was that we should move the deemed assets out of the fund in some way or at least isolate them off so that we weren't claiming we had \$15 billion. The Treasurer sort of partially acknowledged that in the way he set up the accounts in the heritage trust fund annual statements last time around. But still I've heard him a number of times on television and a number of times in this House stand up and say that there's \$15 billion in the heritage trust fund.

Now, one of the recommendations -- he was talking about

some of the committee recommendations and how good some of them were. Well, some of them were also pretty feeble and a bit silly. I thought. You think about the one to send the Treasurer off to Ontario to talk to the media people down there, to explain to them about the fund so they would understand. It is the Treasurer that is most misleading people by saying there's \$15 billion in the fund. If you took the \$2.55 billion of the deemed assets out of the assets section of the fund, you would get down to \$12.7 billion. Now, even that has its problems, and I'll explain when we get into the Alberta division later about why that's probably not an accurate figure either, but I'll leave that for the moment. But he's certainly overestimating the fund by \$2.5 billion. By spreading that kind of misinformation around the province and around Canada, how do you expect that the people down east will get a better understanding of the heritage trust fund? Mr. Chairman, the Treasurer just doesn't make any sense.

If you were to admit that there's only \$12.7 billion in that fund -- and it is really less than that; I will save the further explanation, as I said, on the Alberta section till later -- then the \$3 billion expenditures by the end of this year will in fact exceed the 20 percent that the legislation says is allowed. So by a rather silly definition of deemed assets, the Treasurer tries to stay inside the very legislation that his own government passed, and I find it rather ridiculous.

Now, another aspect of this that is rather strange is that we have capped the fund, and we've also said that we're going to take all the revenues from the fund into the general revenue account. So the total value of the fund is set at -- we should say \$12.7 billion as a matter of convenience, I suppose, at this stage, but even if we use \$15.3 billion, anyway it's set. We're not going to put more money in, and we're going to take all the earnings out this next year. And the government has decided . . .

MR. CHAIRMAN: Hon. member, I again hesitate to interrupt.

MR. McEACHERN: I am on the deemed assets, which is basically the capital projects division.

MR. CHAIRMAN: Well, hon. member, would you allow the Chair to complete its comment? The capital projects division, which is under discussion tonight, is unique in that there is no return on that portion.

MR. McEACHERN: That's not true of Vencap

MR. CHAIRMAN: Would the hon. member try and stay within the votes before the committee? Now, the Provincial Treasurer spoke at length on the concept of the capital projects division; therefore, the Chair really has no option but to allow those comments on the capital projects division. But that's a long way from the hon. Treasurer traveling east to speak; that's a long way from a lot of the comments the Chair is hearing. I would ask the indulgence of members of the committee, because they'll have ample opportunity to debate the Alberta Heritage Savings Trust Fund report. Let us attempt to stay within the capital projects division, please.

MR. ELZINGA: Just on a brief point of order, Mr. Chairman. I wonder, sir, if you could offer us a little guidance. I'm just a bit curious as to what the procedure is, as to whether we're going to get into actual votes or whether we're going to continue on in a prolonged general discussion or just what the consensus of the

House is, so that I can have a little guidance as to when I might expect you would get to the important issues of the two votes dealing with Agriculture.

MR. CHAIRMAN: Well, Minister of Agriculture, as the Chair said at the outset, the hon. Provincial Treasurer spoke at some length with regard to the capital projects division of the heritage fund and touched on items other than that which is before this committee, so the Chair is in an awkward position in not allowing comments related to the comments of the Provincial Treasurer. It would be the view of the Chair, subject to the concurrence of this committee, that we allow comments to be made, preferably tonight, to the capital projects division. When they are dealt with, we would then go immediately to the votes in the order in which they are in the book, if that's agreeable to the committee. Would that be agreeable to the members? Hon. Minister of Agriculture.

MR. ELZINGA: Please. I ask your indulgence, sir, and I regret to rise once more. I'm curious as to whether -- and if I'm interpreting it incorrectly, please correct me. I'm asking for your interpretation as to whether that means each political party will have an opening statement, much as we did here, and then we'll get to votes. Or just what is the consensus of the House, sir?

MR. CHAIRMAN: The Chair is in the hands of the committee. We have other parties here. If that's agreeable, for example, to the Liberal Party, to the Representative Party. Could the Chair seek the views of members before we hear . . . The hon. Member for Pincher Creek-Crowsnest.

MR. BRADLEY: Speaking on a point of order similar to . . .

MR. CHAIRMAN: Section 62?

MR. BRADLEY: Standing order 58.2:

Committee of Supply shall be called to consider the estimates and supplementary estimates, if any, of the Alberta Heritage Savings Trust Fund . . .

I think that we should be getting into discussing those estimates, because that is what is referred to this committee to discuss, and that's what the Standing Orders state.

MR. CHAIRMAN: Order please. Let's hear people out before the Chair makes a ruling. Edmonton Highlands.

MS BARRETT: On the point of order raised by the Member for Pincher Creek-Crowsnest, if it's his contention that the Standing Orders ought to be adhered to strictly, it should well have been observed by the Provincial Treasurer himself in his opening comments. Therefore, I request leave to provide response to the opening comments by the Provincial Treasurer from all parties in the House who wish to exercise that option.

MR. MITCHELL: Mr. Chairman, I rise to concur with the statements made by the Member for Edmonton Highlands. We have 12 days. While I am in agreement with some of the sentiment of what the Minister of Agriculture is saying, I would like to clarify it somewhat further. That is to say, we believe that anybody in the House who would like to speak about the general principles upon which the Alberta capital fund is based should have the opportunity to do so in succession before we go on to

specific votes. Otherwise, there will never be another opportunity for us to do that. To limit it simply to each party would be to limit it unnecessarily. I'm certain that everybody in this House is wanting to ensure the fullest and most open debate, and to limit it in any way would be to deprive the people of Alberta of adequate revelation and discussion of this important matter.

MR. WRIGHT: Mr. Chairman, in speaking to the estimates, it is not out of order to speak to them in general in the first place, I respectfully submit.

MR. CHUMIR: I concur with the comments of both of the two learned preceding speakers and would hope that we would have the opportunity to address the broader issue of the capital projects division, whether we have time this evening or whether it's necessary to continue on, because the larger issue raises some very global questions that need to be dealt with.

MR. CHAIRMAN: Well, the Member for Pincher Creek-Crowsnest has quoted the Standing Order. Section 62 of Standing Orders says that only that matter which is before the committee may be discussed. Now, it would be the view of the Chair that in that the Provincial Treasurer gave overall comments relative to the capital projects division of the heritage fund, it would not seem unreasonable therefore that he be prepared to answer questions relative to the comments he made. So what the Chair would like to do is reach some type of compromise. That is, if the committee would be agreed to spending this evening dealing with the capital projects division as mentioned by the Provincial Treasurer and then going immediately to the votes as indicated before the House, if that would be acceptable to the committee, that perhaps is the way to proceed. Could members of the House indicate to the committee if that would agreeable? Can I put the question?

HON. MEMBERS: Question.

MS BARRETT: Is it the motion that the comments on the overall capital projects division be limited to this evening's consideration and no further? Is that a correct assumption?

MR. CHAIRMAN: That's what the Chair is attempting to resolve. Calgary Buffalo.

MR. CHUMIR: I would suggest that one evening for the broader comments is far too little in light of the importance of some of the global issues and would protest most loudly any attempt to do that, perhaps even leave the Chamber. Well, probably not. [interjections]

MR. PAYNE: Mr. Chairman, as reluctant as I am to hear the Member for Calgary Buffalo "protest most loudly," could I suggest that if the question is to be put to the members of the committee tonight, it not be cast in quite those black-and-white, yes-or-no terms. I don't see it as an either/or consideration but rather a both/and consideration. My understanding of committee procedures is that a maximum of 12 sittings is allocated for this purpose. If in fact members opposite were to have an extended and protracted consideration of what they characterize as global considerations over a period of a number of days so that very few days were left for all the members of the committee to get into the specifics of the estimates, which I'm anxious to do, I

think that would be an unfortunate development.

For the benefit of those for whom this is the first term, I trust it's not inappropriate, Mr. Chairman, to remind the members of the House of the somewhat sterling performance of the Calgary Buffalo member's predecessor, who was one of the most effective members in opposition, sitting as an Independent, in estimates. Rarely did he stand to give meandering, global, philosophical dissertations, but armed with two or three calculators and a slide rule, he made very effective use of his opportunities to examine those estimates. And I would submit, even though he was at that time an independent Tory and opposition member, it provided a far better example of how to use this period than the method suggested by the members this evening.

MR. CHAIRMAN: Hon. Member for Vegreville.

MR. FOX: Thank you, Mr. Chairman. The hon. Member for Calgary Fish Creek might have well followed the example he just cited.

In terms of structuring the debate before us as a committee, I think it's fair to note that we as a committee didn't use the full time allotted for this debate last year. Many of the votes before the committee are for some benevolent, beneficial, and fairly straightforward projects that the members, at least in the past, have dealt with in a fairly forthright and expeditious manner. I would suggest that committee members, behaving responsibly as we always do, would want to see that as much consideration of everything is given as possible. Therefore, if we allow open debate on the broader, general aspects of the capital investment division, I don't see that as limiting our consideration of the other matters at hand.

MR. ELZINGA: Mr. Chairman, I would hope that nobody on the opposite side misinterpreted my intentions. I was just curious as to what procedure the House would like to follow so that we would know when you'd like to get to dealing with the important issues. If they want to blather on all evening, I don't mind one little bit. I'm just curious as to when they might want to get down to the specific issues of the estimates that I traditionally wish to deal with. If we're going to go on in a general sense, that's fine; I don't mind one bit. I'm more than happy to be accommodating. I'm just curious as to what the procedure is so that we can all plan our own time.

MR. CHAIRMAN: Calgary Buffalo.

MR. CHUMIR: Thank you, Mr. Chairman. My immediate predecessor in Calgary Buffalo will be most delighted with the comments of praise from the Member for Calgary Fish Creek.

The only thing I would like to note is that the Provincial Treasurer is uniquely knowledgeable and has the unique responsibility for the overall management of the heritage trust fund. I believe it's important that we have an opportunity to address questions to him and to get some answers from him. If my memory doesn't fail me, he appeared once before the standing committee on the Heritage Savings Trust Fund, indicated that he would attempt to come back once again, and was unable to do so. So we only saw him for a brief few hours and got only a very few lengthy answers from him to some very short questions. So I would like to have my opportunity to get my oar in the water with respect to the minister and his comments, but again respecting the minister's time and not wishing to see him

kept pinned down here in perpetuity, because he does have many problems to chew on.

MR. CHAIRMAN: Well, the Chair is bound by Standing Order 58(2) in that only those estimates before the committee may be considered. What the Chair is looking for -- and it would almost have to be unanimous consent -- would be to vary from that. What the Chair is attempting to do is to serve the members of this committee. Now, unless we can get that type of support within the committee, then the Chair is bound by Standing Order 58(2). and that is the estimates before the committee.

Acting Government House Leader.

MR. YOUNG: Mr. Chairman, I'd suggest, given that 45 minutes has been spent in a broader overview and procedural questions, that we proceed the rest of the evening in that manner and then make decisions from there on out, because it appears that there are a number of people -- I don't know how many and I don't know how long. But given that the committee started off this evening in that manner, why don't we explore the use of the rest of the evening in the same way.

MR. CHAIRMAN: Those who are in favour of the Acting Government House Leader's suggestion, please say aye.

HON. MEMBERS: Aye.

MR. CHAIRMAN: Those opposed, please say no.

Hon. Member for Kingsway.

MR. McEACHERN: Thank you very much, Mr. Chairman. I'm wondering how much time I've got left now after he interrupted.

MR. CHAIRMAN: It's a secret between you and me; the hon. member has 11 and a half minutes.

MR. McEACHERN: The point I was about to make, and it was very directly related to the capital projects division, was that since we have capped the fund -- we're not putting any more money in -- and since we are taking all the earnings of the fund out and putting it into general revenues, that leaves us no new cash that we can use for this \$140 million of investments in new capital projects. Therefore, it's got to come from existing projects of the fund, from existing capital, and since that \$140 million is really expenditures -- and the Treasurer can call them assets all he likes -- nonetheless, as we shift more of the other, what at this stage are capital investments, like in the Alberta division or like in the Canada division or in the cash and marketable securities division, as we have to shift money out of those divisions into these expenditures, we are in fact reducing the real capital of the fund. And that is something that the government is pretending not to recognize by calling these expenditures deemed assets and claiming that they are still assets. Yes, it is an asset to Alberta to have the hospital, but no one is going to buy it and replace the cash which we spent building it.

Mr. Chairman, I'd like to point out that some of these capital projects result in operating expenditures or costs to the appropriate departments, and that is something that this document we are dealing with in terms of the capital projects does not show. I mean, it says that here we spend a certain amount of money on a capital project, but that capital project may very well lead to extra costs. For example, we build the hospital, and now we

need money to run that hospital, and those expenditures show up in the hospital departmental budget. One of the things that's a little confusing and that the government should consider rather seriously is that it does not make an awful lot of sense to set some money aside, decide to spend it on something in much the same manner that you would spend departmental money, and then have the costs thrown in over on the other side so that you don't really have the same kind of scrutiny and control over the capital expenditure when you're doing the estimates for the budget that you need, because some of it has been routed through the heritage trust fund section. So routing money through the capital projects division has caused problems in the accounting procedures of this province.

I think of another example, and it relates to the first or second vote. You build irrigation works, and that causes money to be spent by either the Department of Agriculture or by the Department of the Environment or by one of the 13 irrigation districts, because they have to do the upkeep or the downstream uses of the water, say, when you build the dam to get it started.

So, Mr. Chairman, the arrangement we have for accounting for the expenditures of this province through the capital projects division is not very adequate. If you compare these estimates, or investments as they're called on here, in the capital projects division and compare the information given here to the information given in the government estimates in the departments, you find there's not as much information. They don't say anything, for instance, about the number of man-hours needed to produce them. They give just last year's figures and not the year before. A point I do like about them is that they do tell the cumulative amount up to that point. The Budget Address, to make a comparison -- and I'm not going to stay on this long, but to make a comparison to the Budget Address which gives you an updated amount or guesstimate as to how much you spent last year, rather than just using the estimate figure, that process is not followed by this document.

So we are being asked to approve these projects in a somewhat shallow document, and I'll be really looking forward to how much information the individual ministers are going to give us around this project and about these projects. Now, I don't just mean bragging about them and what they're going to do for Albertans, but the hard facts about what it costs, what the ongoing costs will be, and a rather hard-nosed analysis of the efficacy of these projects, rather than just a "they're great, aren't they?" sort of thing and pass on this measly bit of information that we are given here.

Again in comparing what's here and what's not here, as well as getting this document for estimates, we also get the element details document, which adds even more details on the estimates side. Yet we don't get comparable information in this capital projects division document. So I think that the project that we are embarking on is, if we're not careful, a little bit shallow, and I guess I would ask each minister to take great care in outlining and giving us more details than what we get in this particular document as we go through these one by one.

Mr. Chairman, I'll just wind up by saying that everybody knows, it seems like, except the Treasurer, that deemed assets are expenditures and that expenditures, no matter what was built with those expenditures, should be listed at \$1 or not counted in the assets or some other way, and that to tell the people of Canada that we've got \$15.3 billion as of December 31, as is done in this quarterly report, is just not correct. The Treasurer really should seriously consider taking the advice of the Auditor General and the advice of some of his own people and the ad-

vice of at least two of the other political parties in this House and remove the deemed assets from the assets of the heritage trust fund as listed in their annual statements.

MR. CHAIRMAN: Order please. Before we proceed, we have some information from the Minister of Recreation and Parks, some good news and some bad news. The good news is that the hockey game is over. The bad news is that it's the Flyers 4 and Montreal 3.

Hon. Member for Calgary Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. I'm pleased to be able to participate in the discussion this evening about a general overview surrounding the capital projects division of the Heritage Savings Trust Fund. I think, Mr. Chairman, in particular the fact that this fund has now matured to past its 10th birthday in a way provides a certain benchmark, a certain anniversary that encourages discussion about how successful this particular fund has really been or not been since its inception those years ago. And it also, because of that anniversary, I think provided the legislative standing committee the opportunity to take a look at the overview of the fund perhaps a bit more than it has in previous years. So I think it's an important discussion that we have this evening, Mr. Chairman, to look at the overall direction of the fund, to the extent that that's possible, particularly as it affects the capital division of that fund.

[Mr. Musgreave in the Chair]

Now, in his opening comments the Provincial Treasurer wondered aloud why anyone would say that the trust fund didn't exist anymore. Well, I think it's just the fact that there are certain people out there in the private sector or people who've apparently been Conservatives for over 40 years who are making these conclusions. They go through the fund and they say, "Hey, what ever happened to that \$15.5 billion?" Here is one gentleman who believes that the best the province could realize on its \$15 billion would be \$1.5 billion. Now, perhaps the Provincial Treasurer would not agree with this particular analysis; obviously he doesn't. But the point is that there are many people out there in the public now who have certain perceptions and concepts of what this fund is and what has happened to it. And I think it is vitally important, quite frankly, that the full range of debate and discussion occur in this province over what has been done and ought to be done in the coming years with the trust fund.

In fact, Mr. Chairman, that was one of the important recommendations that one of the members of the committee, the Member for Edmonton Kingsway, made during the hearings of the legislative standing committee, and that was that a comprehensive full-scale series of public meetings be held throughout the province to get input from the public, from business, from labour, from farming groups, from rural Alberta and urban Alberta as to whether they believe or feel that the uses put to the Heritage Savings Trust Fund are valid and ought to be continued or whether now, after 10 years, some new direction ought to be pursued.

Now, as the Provincial Treasurer and others will see, the recommendations from that committee indicate that basically we're advising the government that they ought to carry out that consultation without really specifying how extensive that should be. I'd like to have some remarks from the Provincial Treasurer before this review is over on how he proposes to go about im-

plementing that recommendation of the legislative standing committee.

So it seems to me, Mr. Chairman, in just a brief overview, that there are a number of different ways or strategies that could have been used with the Heritage Savings Trust Fund over the last 10 years and in the years to come. It could have been seen as a savings account. That sort of attitude or consideration would emphasize a rate of return on investments, and you would pick investments and use that return each year to subsidize the costs of government. Or, Mr. Chairman, you could have looked at the trust fund as a development tool, where you could emphasize new growth or new diversification within the economy. That wouldn't necessarily emphasize a rate of return but would go about helping to create an alternative economy in Alberta and perhaps build up activity that would make you less dependent on primary products such as agriculture and the oil industry.

The third strategy is that the money could be spent on highly visible projects which are attractive politically and would serve the short-term political ambitions of whatever government might be in power. Now, Mr. Chairman, with all due regard to the previous opening comments by the Provincial Treasurer, it is my opinion that to a large extent the capital projects division of the fund fulfills the third objective. Such things as spending money on Kananaskis Country, on a new hospital in Edmonton, money that is going into rail hopper cars and irrigation projects: these are very attractive. They are easy to put great big signs on so that the public would see that their Heritage Savings Trust Fund is at work. It also seems to me that because it's for those purposes, obviously it's not emphasizing a rate of return, but I'm surprised that the government continues to account for it as if it were just any other group of assets within the fund. Now, because these expenditures provide presumably long-term economic or social benefits and at the same time meet some short-term political objectives, they are deemed to be assets -- and that is the phrase that's used for these projects, "deemed assets" -- and they appear on the balance sheet.

But this is an accounting practice that has been criticized from our part of the House now for a number of years and also one shared by the provincial Auditor General. The question is raised as to why that would be the case. Well, in his appearance before the standing committee, the Auditor General was quite concerned about sort of misstating or leaving the misconception about what are exactly the assets within the Heritage Savings Trust Fund. This, Mr. Chairman, reflects my opening comments to the Provincial Treasurer that there are a lot of misconceptions about what is inside the fund. The Auditor General noted in his appearance before the committee that as the amounts of dollars committed to the capital projects division increase over the years, it skews even to a greater extent each year the actual, true explanation of the realizable assets contained in that fund.

So he is concerned that that trend not continue over the years, because it would lead to more and more misconception. In fact, he says in his appearance:

I guess the concern we would have and do have is that with the deemed assets increasing each year, the relevance of the misunderstanding increases.

He goes on to note that the Canadian Institute of Chartered Accountants has a committee called the public-sector accounting and auditing committee. That particular committee is developing accounting and auditing procedures in regards to public-sector auditing and accounting that cause him some concern that he has to make these observations in his report in keeping with the more strict practices that are being suggested by that particu-

lar committee. I'd like some comments from the Provincial Treasurer as to why the provincial government has not yet endorsed that recommendation from the Auditor General and whether he's considering a change in the coming year in preparing this fiscal year's account to take into account these recommendations that were made.

Mr. Chairman, the other thing that concerns me about the way the government has approached this division in years past is that what we find is government spending with a different label. We've got government spending in every one of these departments: Agriculture, Recreation and Parks, Transportation and Utilities, hospitals, forestry, and so on. The list goes on and on. They're spending the capital projects division money within their departments, but at the same time, through the regular fiscal operating and capital budget process in each government department, they're also doing the same kind of spending. So we have spending going on in two tracks: within the fund with the label of the fund; as well, funding going on within the department itself. So we have a situation where the Heritage Savings Trust Fund is building hospitals and the department of hospitals is building hospitals. The question is: how are priorities set within departments in terms of the spending that's done in accessing the capital projects division? It seems to me there is a possibility, Mr. Chairman, that confused goals and confused objectives can arise. I would just say to the Provincial Treasurer and to each of the ministers here that in introducing their estimates as we go through these, I would like them to discuss how they see the spending going on within the trust fund as well as within their departments.

I'm also concerned, Mr. Chairman, about the lack of information about future dollar commitments under this particular division. For example, we could be committing ourselves, as we are, to various irrigation projects. I'd like to take this opportunity tonight to again compliment the Minister of the Environment when he appeared -- and he's not sure yet what it was that he did, but I'll come to that -- before the standing committee. He was asked if he would provide the committee with some estimates of what he considered to be the long-term commitments under this fund to spending within his department. I want to say again how helpful that information was to me as a member of this Assembly and a member of that committee, and how appreciative I was that he was able to provide that to us. But, Mr. Chairman, I did not see the same level of information being provided by other ministers appearing before the committee.

So what we do each year is look at a particular department, a particular vote, a particular figure is found on each page, but there's no indication of what that commitment means for future years if it means a commitment for future years. So it's hard to take all of these votes and project what are going to be the demands on this division in the years to come. These are important issues, Mr. Chairman. By no means are they the only issues in a global sense that are affecting the capital projects division.

Mr. Chairman, at your request, I'm quite happy at this point to move that we revert to the Introduction of Special Guests.

MR. DEPUTY CHAIRMAN: I wonder if the committee members would mind if the hon. Member for Grande Prairie was able to introduce some special guests at this time.

HON. MEMBERS: Agreed.

head: **INTRODUCTION OF SPECIAL GUESTS**
(*reversion*)

DR. ELLIOTT: Thank you, Mr. Chairman. I also thank the Member for Calgary Mountain View for his patience.

Mr. Chairman, it's my pleasure this evening to introduce a group of people from a little place in Alberta called Beaverlodge, which is the hometown of the Member for Grande Prairie. We don't often have people come from that part of the world to visit the Assembly, and this evening we have a group of young people. Their leaders with them this evening are Gloria Davis and Nancy Aikman. We have people like Tony Davis, Brent Cage, John Gill, Darell Cochrane, Zane Valentine, Mike Longson, Jenine Regnier, and Stephanie Regnier, and I'd ask them to stand and receive the warm welcome of this Assembly.

head: **ALBERTA HERITAGE SAVINGS TRUST FUND**
CAPITAL PROJECTS DIVISION
1987-88 ESTIMATES OF
PROPOSED INVESTMENTS
(*continued*)

MR. DEPUTY CHAIRMAN: Hon. Member for Calgary Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman.

Mr. Chairman, in summary, I would like to say this evening that the major issues I see in a global sense affecting the capital projects division are, firstly, the public review of the objectives of the trust fund generally, not only this division; secondly, the confusion of objectives that appear to be plaguing the fund generally, but as well this division; thirdly, the accounting of the deemed assets continue to be carried on the books despite the concern of a number of people that it misrepresents to people reading the financial statements the true value of the fund; and finally, the future dollar commitments about which we have very little information at this point and about which I think we should all be quite concerned for what it means for the future of spending under this particular division and these particular estimates.

Thank you, Mr. Chairman.

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

MR. MITCHELL: Thank you, Mr. Chairman. I have several reasonably brief general comments about the capital projects division overall, and I'm grateful for the opportunity to be able to discuss these estimates in a general sense. I thank the minister and Member for Edmonton Jasper Place for having made this proposal.

I would like to take exception to the Treasurer's much vaunted statement in the budget speech that he had capped the Heritage Savings Trust Fund. These capital fund estimates are proof positive that the Heritage Savings Trust Fund has not been capped, and that is because they supplement the decline, if you will, of the Heritage Savings Trust Fund assets in one important way. First of all, we have to accept that the fund's value is decreasing because, on the one hand, no additional capital or money is being allowed to enter the fund. None of the earnings of the fund are being left in the fund, and at the same time the inflation in our economy would eat up the value of the assets of the fund in the order of 4, 5, or 6 percent, depending on how one

would like to value them and how that should be applied to which particular assets. In any event, inflation will account for a reduction in the value of the fund. There has been no new capital, no new money placed into the fund, no interest earnings left in the fund to compensate for that first point in the argument that the fund has not been capped and this speaker and his budgetary speech have been misleading the people of Alberta in that regard.

The second way in which the facts belie the "capital freeze initiative" is the fact that even in the estimate and in the analysis of the Auditor General of this province, capital expenditure is capital expenditure -- emphasis on the word "expenditure." It is gone; it's one time. It cannot be accounted for as an asset in this particular Heritage Savings Trust Fund balance sheet, and therefore this fund, in addition to its reduction by the amount of inflation, will also be reduced by the end of this year in an amount equal to the total amount proposed by way of capital expenditures for the Heritage Savings Trust Fund.

Quite apart from the implications of where this money is going -- whether it's being spent for the betterment of Albertans in Alberta -- the fact of the matter is that these capital fund estimates belie the Treasurer's statement that he has capped the Heritage Savings Trust Fund. On the one hand, he wants to take credit for capping the fund because clearly there's public pressure and a public desire to have that done. On the other hand, he wants to buy more votes by building capital projects and edifices and so on to the glory of this government. In fact, he has only served to reduce the value of the fund, and he has not met even his own powerfully stated principle of capping the fund.

Are these in fact assets? The minister stood up and made a great deal out of the speculation that these are assets, that the Walter Mackenzie hospital is an asset. It is not an asset under proper, generally accepted accounting principles, and it is somewhat surprising that the minister, who is himself a chartered accountant, would stand up and so boldly make the case that these are real assets. They are not real assets. If it is that the Walter Mackenzie hospital should be included in the Heritage Savings Trust Fund, and if it is that the Kananaskis park should be included in that fund and any other number of edifices and one-time capital expenditures should be included in the fund, then why would we stop there?

I was in Grande Prairie this week and was impressed by the new hospital in the city of Grande Prairie. Why don't we include that hospital in the Heritage Savings Trust Fund and bump up the value of the fund another \$20 million? I was also impressed by the Grande Prairie college. Why don't we put the Member for Grande Prairie's picture in the Alberta Heritage Savings Trust Fund annual report? Why don't we include the college? Value it on some basis; get an evaluation. I'm sure the Treasurer has one. He seems to understand that these assets "have value." Why don't we value that college and throw that into the Heritage Savings Trust Fund? You know, there's a beautiful four-lane highway that goes right through the middle of that city. I'll bet you that cost capital expenditure. Why don't we value that and put that in the Heritage Savings Trust Fund and bump that up another \$20 million? Why don't we go on and on and on and take every single edifice in this province -- we could throw in the Legislature. Why don't we throw in the Legislature? It must have tremendous capital value. Why don't we throw that into the heritage trust fund. It's here for the future as well, is it not? All these assets are here for the future. I make these points to demonstrate the ludicrousness

of including capital funds, capital expenditures of any sort, in the Alberta Heritage Savings Trust Fund.

There are consequences that go beyond the fact that this government is doing it for one simple reason, and that is for political expedience. See, it's very difficult to have said to the people of Alberta that they were going to protect the future of this province and save money -- for some 15 years they've been telling us that -- and then in fact turn around and value the fund at what it really should be valued: \$6 billion or \$7 billion. It's much easier politically to sustain a value of \$15 billion, to market that idea, to use it as a public relations thrust. Unfortunately, it may work in Alberta politically; it hurts Albertans nationally because the rest of this country thinks we have money we don't have. It also hurts the way in which this province manages, because I believe its senior management, its cabinet, still believes it has money that it doesn't have. It's important that in managing this province, this government comes to grips with reality.

Mr. Chairman, the Treasurer went on about what a tremendous contribution these capital fund estimates are going to make to diversification. And as is so often the case, the Treasurer was actually funny in making that statement. The difference in this case is that I think he didn't mean to be funny. Because in fact there is very little, if anything, in these capital estimates for diversification. What we see is a further muddying of the definition of "diversification," stretching that beyond reality so this government cannot achieve any kind of objective of real diversification.

Agriculture, Farming for the Future: that's not diversification. Irrigation rehabilitation and expansion: that's not diversification. Community health and safety research and education might be \$1.5 million less than -- well, maybe 1 percent of the entire capital fund estimates. Energy, Alberta Oil Sands Technology and Research Authority, \$21 million: that's not diversification. Environment, irrigation headworks and main irrigation systems improvement: that's not diversification. Land reclamation: that's not diversification. Grazing reserves development: that's not diversification. Applied cancer research isn't. Kananaskis Country recreation development might be -- 2 percent of the fund. Three percent of the capital fund estimates are diversification; 1 percent of the entire budget of this province this year has been put to diversification. Ten percent, if we stretch our imagination, of this entire Heritage Savings Trust Fund has been put to diversification.

Imagine for a moment if we spent half the money we have spent on building edifices to this government out of this Heritage Savings Trust Fund on true, aggressive small business economic diversification beyond energy and agriculture. Imagine the kind of economic development and stability we might have in our economy today in Alberta. We've missed that opportunity. It may be too late to recapture it in a significant way; I think it isn't. But I know it is if we continue to make the same mistakes time and time and time again. The fact of the matter is that these capital fund estimates represent a complete and utter lack of innovation, a complete and utter lack of response to the reality of 1987. They represent a response to the past -- 1978. Hey, spend money, buy votes, throw money at problems, manage with money. Nothing's changed, Mr. Chairman. Nothing has changed in a fundamental way. They can laugh on the back bench, but it's not funny. It's not funny at all.

There's also a concern, Mr. Chairman, with respect to whether or not this additional capital expenditure allows the Heritage Savings Trust Fund management to stay within its legislative guidelines. I read from the "Investments Permitted" sec-

tion of the heritage trust fund. The capital projects division "is limited to 20 per cent of the Fund's assets including deemed assets." If you add up the total assets of the capital projects division now, it's in the order of \$2.8 billion. That is 18.5 percent of the total, if inflated, value of the Heritage Savings Trust Fund, the \$15 billion. It's at 18.5 percent now. That means there is a \$200 million leeway before the 20 percent limit is reached. If we value the assets of the fund properly . . . For example, if we take the Alberta Mortgage and Housing Corporation debenture of \$3.4 billion, we add to that the Alberta Opportunity Company debenture of \$160 million and to that in turn the Alberta Agricultural Development Corporation debenture of \$1.2 billion, and then value that \$4.5 billion at the level it really should be -- and it should probably be worth about \$3 billion -- then in fact you have a heritage trust fund that would more reasonably, including the deemed assets if we must do that, be held at about \$13.5 billion. And 20 percent of \$13.5 billion is less than what is in the Heritage Savings Trust Fund capital projects division now. In reality, this government is already in violation of the Act that covers the Heritage Savings Trust Fund. But the light came on when I did that analysis. It finally dawned on me why this government really does not want to value these assets in the way they should be valued, because that would be the ultimate admission that they couldn't manage this fund.

It's not the first time, I should point out, that this government has been in breach of its own legislation. In the past few weeks, we've seen very clearly that it is in breach of the legislation as it applies to the use of lottery funds. And it's interesting that both those breaches should come from . . .

MR. YOUNG: Point of order, Mr. Chairman. The hon. member can skate all around, but there are some things he shouldn't get into and he's just now ventured into them.

MR. DEPUTY CHAIRMAN: Hon. member.

MR. MITCHELL: Can I debate this point of order?

I believe, Mr. Chairman, that what we see here is a trend, and that's why I think the comment was well within the range of the comments we are making in this particular estimates debate.

But this limiting factor -- even if we aren't able to have the government value the assets in the way they should be valued, and even if we do accept at face value that there is only 18.6 percent of the total value of the fund in the capital projects division, then we have a serious problem with respect to the future, and that is that we have a \$200 million limit for the future. For as long as this government doesn't want to put any more new money into the fund or doesn't want to leave any of the earnings in the fund, for as long as we have this fund, we have \$200 million in leftover money to invest in capital projects. And given that the capital projects that have been invested in by this fund over the years constitute almost no reflection of economic diversification principles or initiatives in any way, we have almost no flexibility in the capital projects portion of this fund to promote diversification. And that, Mr. Chairman, is a frightening realization. Not only did this government bring us to a \$3.5 million deficit, not only have they overvalued the fund in the eyes of the rest of this country so that this country does not want to contribute to assisting us in the way they should under the circumstances, but the fact of the matter is that they also didn't anticipate the long-range effects of their headlong drive to buy votes by building edifices.

I think it was interesting to note that the Treasurer made quite a joke out of the fact that this is free money. It's not a joke; this is not free money. This is money that is very, very important to the future of Albertans. This is not the government's money. This is not the Legislature's money. It's the money of the people of Alberta, and the people of Alberta need a lot more from the Heritage Savings Trust Fund than they are getting out of this capital projects division estimates proposal for the year 1987-88.

Thank you very much, Mr. Chairman.

MR. DEPUTY CHAIRMAN: I wonder if the committee could revert to introduction of visitors. Does the committee agree?

HON. MEMBERS: Agreed.

MR. DEPUTY CHAIRMAN: The hon. Member for Calgary Mountain View.

head: **INTRODUCTION OF SPECIAL GUESTS** (*reversion*)

MR. HAWKESWORTH: Thank you, Mr. Chairman and members of the committee. It's my pleasure to introduce to members of the Assembly a former colleague in municipal government, Dr. Jackie Cheng, who's in the public gallery. She's a town councillor from Canmore, and she's also chairman of the Calgary Regional Planning Commission. She also operates with her husband a helicopter business in Canmore. I'd like her to stand and receive the welcome of the Assembly. Please welcome a very effective elected official at the municipal level.

head: **ALBERTA HERITAGE SAVINGS TRUST FUND CAPITAL PROJECTS DIVISION 1987-88 ESTIMATES OF PROPOSED INVESTMENTS** (*continued*)

MR. DEPUTY SPEAKER: The Member for Calgary Buffalo.

MR. CHUMIR: Thank you, Mr. Speaker. I have very few comments to make, a few questions. I would like to compliment the minister on his haircut, quite an improvement from his picture in the annual report. I might note the taxpayers received a rather good haircut from him in the recent budget. I'd also like to thank the Treasurer for his lesson in humility. What would this province do without him?

I'd like to ask just a few questions, as I noted, and some have already been asked in one form or another. But I was wondering whether the minister could possibly disclose to this House the secret of what are the criteria for determining what amounts are expended under the rubric of the capital fund of the Heritage Savings Trust Fund. What is different from an expenditure made under that capital fund as opposed to expenditures which are made under the normal departmental budgetary process? Is there any principle? Is there any system for determining that differential? None is visible that I've been able to see. None has been suggested, and nothing can be a greater indictment of this government, when thought about, of \$2.6 billion spent without system and without plan.

It would appear, Mr. Chairman, that many of the expenditures are as a result of serendipity, a word named, as the minister well knows, after Serendip, the original name for Sri Lanka,

reflecting pure chance, although it's chance in the sense of a happy chance, which is not always the case when one notes the expenditures and decisions of this government.

A second question I would like to ask of the minister is the issue of the government's plans with respect to the growth of the fund. The minister has advised that the fund will be capped. Does this mean that the fund will stay at a level amount, or does it mean that it will be capped and moved in a downward direction? If I understand the result of this series of capital expenditures, the capital amount of the heritage trust fund will in fact be depleted by \$140 million as a result of these expenditures. It is reverse capping. It is in fact depletion, and I would appreciate if perhaps the minister might advise the citizens of Alberta, through comments in this House, as to the direction we're going. What are his plans? Are we going to continue to eat away at the capital substance of this fund on an annual piecemeal basis as a result of this form of expenditure? Does he have a plan?

Since we are making expenditures of \$140 million out of this fund at a time of great budgetary difficulty for this province, it would be enlightening to the members of this House if perhaps we might be let in on the secret as to how much the fund is actually worth. It's one thing to make expenditures of this amount when you know the amount in relation to which it is being spent, but when we're proceeding blind, not knowing what the value of this fund is, it's a totally different question. And the people of this province are certainly not aware of the value of this fund. One thing is clear: it's not the \$15 billion it's stated to be. Because when we take out those deemed assets, we're down to \$12.5 billion, and if you take out another \$1.5 billion to \$2 billion incurred as a result of losses in relation to loans to Crown corporations which were made without the market discipline that the minister so often talks about, we're down to the area of \$10 billion to \$11 billion.

ANHON. MEMBER: What about the increases?

MR. CHUMIR: What increases? Are these reported? Are the increases reported? I would be happy to see increases, if the minister is prepared to put in the losses. And certainly there have been some increases. Certainly there are increases, but on balance we're down, and we're down significantly. And I think that's a matter of some serious concern to people of this province. But whether we've lost or whether we've gained, the important thing is the decisions should not be made without having the full information before those who make those decisions. And that's what we're being presented with: incomplete information.

I conclude with that note, Mr. Chairman, and hope that we will have the distinct surprise of receiving a precise and comprehensive reply from the minister with respect to those questions.

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

MR. PIQUETTE: Thank you very much, Mr. Chairman. I guess I slipped out at the wrong time.

The capital projects division, as has been indicated tonight, really should not be part of the total overall assets as reported by the Alberta heritage trust fund. Really, as deemed assets they should be recorded in a separate entry, perhaps to general revenue, because these deemed assets are really a capital invest-

ment as opposed to returning any specific dollars to the taxpayers in terms of providing other money which is accrued by interest earned on the investment. We're not saying here that these capital project division's ideas are not worth while. I think a lot of them are very worthwhile ideas. However, just the way that the Alberta heritage trust fund is reported to the general public, we seem to have not been able to see the light in terms of making sure these assets are reported the way they should be. This money has already been spent, and a lot of the public, as we talk to them about the real value of the trust fund, seem to have the mistaken notion that the Alberta heritage trust fund has \$15 billion in it. And that's far from the truth.

The money has been spent on a lot of capital projects. It may be the same thing as the public works department indicating that their capital works projects are actually giving back money to the taxpayers. I mean, these are actually expenses, and they're actually money that's been expended by the government to build various projects: irrigation projects, scholarships, rail hopper cars, the medical research foundation, the reforestation program, the Walter C. health science centres, and of course our beautiful park to the south of us. So according to the enabling legislation, these items must appear on the trust fund's balance sheet.

Now, this New Democrat believes this accounting practice must be changed because it is misleading and creates confusion as to the true value of the trust fund. Even some other committee members, and I'm sure committee members from the government side, supported the position taken by the New Democrats during the standing committee reviewing the operations of the Alberta heritage trust fund.

A number of proposals were brought forward suggesting that the deemed assets be accounted for in a different manner, either by their removal from the balance sheet or by listing their value as \$1. Because really we cannot sell Kananaskis Country back to the investment company, or I have my doubts we're ready to liquidate the assets of the Mackenzie health centre and try to get our moneys out of it. That's not the purpose of these assets or this capital division; it's really as an investment into the future of Alberta and should be looked at this way. So the reported total assets claim in the trust fund annual report for the year ended December 31, 1986, would be effectively reduced from \$15.3 billion to \$12.7 billion.

When the minister appeared before the committee, however, the Provincial Treasurer disagreed with this suggestion, and I still don't see why. I think if he would have been positive relating to this recommendation -- I'm sure the committee, made up mostly of government members, did not want to contradict the minister. But even talking to a lot of the individual members on that committee, I think they also felt the same thing should be happening. It's just simply a lack of leadership, I think, on the part of the minister here, which if he would agree with the suggestion, we would get on with actually representing to the public of Alberta the real value, the actual liquid aspect of the fund to the general public. And so we really had a committee here who vetoed the recommendation as advanced by the New Democrats because the minister failed to perhaps understand what we were talking about.

Construction on most of the capital projects is complete. Though their operating costs are paid by the appropriate provincial department, thus contributing to the general revenue deficit, some of the the projects will require more funds for completion over the next few years. And these expenditures will have to come from the present principal of the fund because the cabinet

has agreed to cap the fund and all revenues of the fund are transferred to the general revenue account. So by continuing to call these expenditures deemed assets, the government will deny the fact that it has indeed encroached on the capital of the fund, and some \$140 million will be spent on these so-called assets in 1987-88.

So again, in terms of what a lot of the other members have asked the minister, I would hope that he meets with the Auditor General and in consultation with him try to work out a system of reporting back to the public, which is more in keeping with the true value of the Alberta Heritage Savings Trust Fund.

I can maybe speak on behalf of some of the general comments I'd like to make about the Alberta Heritage Savings Trust Fund, and that is that a lot of these capital projects were to create, I believe, diversification in the Alberta economy. Some have perhaps helped to do that. For example, the Kananaskis Country investment has perhaps helped to diversify the tourism industry in this province, although some of us in northern Alberta would have like to have seen some of that money invested in northern Alberta for a lot of our captive tourist market which originated from northern Alberta here and through the Yellowhead Highway in terms of that.

But really the diversification has greatly failed in a lot of these ideas because we have failed to provide the pool of money to the small business sector, to the small manufacturing centre, so that they have a low-interest pool of money to access to create new jobs as opposed to recycling old debts. And I think if the use of the Alberta heritage trust fund -- I know it's in hindsight; again, a lot of government members, if they had to redo the whole Alberta heritage trust fund today as opposed to what it was set up 10 years ago, would probably have done things a lot differently. I think a lot of people in the public thought that we did have a liquid pool of money out there ready to diversify our economy, but really it's not there anymore.

But we still have a chance. In the second decade which we are now undertaking here with the Alberta heritage trust fund, if the government would agree to really a whole review mechanism to make sure that we're not going to repeat the same mistakes from the past -- I mean, one thing that as politicians we should be prepared to do is admit mistakes we made in the past and make sure that we go on in terms of making good, sound economic decisions for the future. However, with the government deciding not to really participate in the public debate on the subject and open up the books and look for new, innovative ideas and how to make use of whatever funds that are available left in the Alberta heritage trust fund, we are again probably going to be repeating the same mistakes in the future, which is really not diversifying the economy of Alberta, as the fund was intended to become to begin with.

In terms of if we had an effective pool of money relating to the capital investment division, which was low-interest money available to the small business sector to create new jobs and create innovative ideas in terms of manufacturing, et cetera, we would see a lot greater employment benefits accruing to the Alberta public than what we have created so far in terms of our short-sighted, trickle-down theory of economy.

So I would love the minister here to perhaps come across with a lot more honesty with the Alberta public in terms of how the Alberta heritage trust fund capital division operates, and look at telling the Assembly that yes, he is in favour of a 10-year review, as the New Democrats have called today, and with a total review by experts as well as a public review inviting input from the general public. It should not be a closed shop, as

this government seems to believe that all of the good ideas emanate from the Tory kingdom, which is soon to be crumbling if it doesn't come to the realization that a lot of ideas do not rest under the dome.

Thank you very much.

MR. DEPUTY CHAIRMAN: The Member for Red Deer South.

MR. OLDRING: Thank you, Mr. Chairman. It's a pleasure to be able to rise and speak briefly on the capital projects division in front of us and talk on a general basis this evening. I want to begin by acknowledging the committee I had the pleasure of serving with, and say how much I appreciated the input of all the members and the co-operation of all the members on the committee.

I also would point out, Mr. Chairman, that the committee dealt with a record number of recommendations. We had before the committee over 70 different recommendations in dealing with the trust fund. We were able to approve 15 and bring them forward for the Treasurer's consideration. I'm pleased to note that the Treasurer did act very quickly on some of the recommendations, including the recommendation to cap the heritage trust fund.

I would also note that the meetings themselves went over approximately a four-month period, and we held close to 30 meetings during that time. I want to say how much we appreciated the co-operation and frankness of all the ministers that appeared in front of the committee. They were very co-operative with their answers and very informative overall.

I want to talk about the trust fund itself for a few minutes, Mr. Chairman. It seems to me that if we're guilty of anything in this province, it's that we're guilty of not communicating just how much this trust fund is working for Albertans today. I know that until I had the opportunity to be involved in the way I was, I didn't fully appreciate some of things the Heritage Savings Trust Fund was doing for Albertans today. I want to compliment our predecessors in this Legislature who had the foresight and the political courage to stand by their convictions in establishing the trust fund. I think it would have been very convenient in the day to spend those dollars, but instead they said, "No, we think it's more important to plan for the future." I know that the socialists opposite wouldn't want to see that. They'd be a lot happier spending it and seeing it all disappear very quickly. But no, our predecessors had the courage and conviction to stand behind the Heritage Savings Trust Fund and made sure that it was there for future Albertans when they needed it.

It's interesting for me that one of the first things I noted from the trust fund was that if it wasn't for the earnings off the Heritage Savings Trust Fund last year, we would have had to generate the equivalent of an 8 percent sales tax. So one of the things Albertans can be thankful for today is that the Heritage Savings Trust Fund's earnings allowed us the option of not having to introduce a sales tax, even with the times as tough as they are.

There seems to be some confusion in some people's minds, and I'm not really sure why, and especially for committee members that have had a chance to really look at this. But deemed assets keeps coming up: why do we have deemed assets and why can't they be clear? I don't think they could be any clearer, Mr. Chairman, than the way they're presented in this annual report. It's absolutely clear that deemed assets are a part of the fund. They're listed separately so that people can clearly see what the deemed assets account for. We keep hearing about

accounting principles, and we keep hearing about the Auditor General's recommendations and comments. And again I take this opportunity to quote from the 10th annual Heritage Savings Trust Fund report, '85-86. I quote the Auditor General where he points out:

In my opinion, these financial statements present fairly the financial position of the Trust Fund as at March 31, 1986.

What could be more clear than that, Mr. Chairman? I mean, I can't understand the confusion and why it's so difficult for them to comprehend that very, very clear financial statement.

I want to talk about some of the things that are in that part of the fund, deemed assets, because we have part of that in Red Deer. We have the Waskasoo Park system, and it's a \$28 million network. I certainly enjoy it when I have the chance to be home on the weekends, and I know my family does. In fact, our community is extremely proud of the Waskasoo Park network. It's one of the first things that we take and tour our guests to the city through. When I was there for the opening of some of the facilities of that network, one of the things that really struck home to me was that was probably one of the most legitimate Heritage Savings Trust Fund projects there's ever been. And yes, it's a deemed asset. But boy, what a wonderful asset. Not only is it there for my enjoyment and my children's enjoyment, but it's there for all future generations.

Not only is it in Red Deer but it is in the other major centres here in Alberta that have the same types of parks that they're just as proud of, Mr. Chairman. And yes, they're a deemed asset. I don't think it's such a hard thing to comprehend. I think those parks are worth something. I know that we spent \$28 million on them in Red Deer. The dollars had to come from somewhere. They have to show in a ledger somewhere, and I think it's quite appropriate that it be included in this report and that it be identified separately as a deemed asset, recognizing that we're not going to be cashing in on it and hopefully future Albertans will have the same wisdom as this government has shown in the past.

Another one of those deemed assets, Mr. Chairman: the Walter C. Mackenzie institute. Our committee had an opportunity of meeting with representatives from that and we also had an opportunity of touring the facility. Again, what a credit to this province. We have not just some of the top medical researchers in Canada or North America; we have a world-class team of medical researchers. It was interesting for me to note that they just went through a six-year review evaluation by an international team of researchers, and I might add that they passed with flying colours. They're absolutely amazed at what this team of researchers was able to accomplish in a short period of time. Again, it's something that we should be proud of. I know in talking with some of the medical people that have come in, they are absolutely blown away when they see the kinds of facilities we have in Edmonton and Alberta. Mr. Chairman, that's a facility that all of us can take pride in, and it's serving all Albertans.

[Mr. Gogo in the Chair]

We also had an opportunity of touring through Kananaskis Country, and again I have to say how impressed I was with the facilities, how impressed I was with the use. One of the things that was a real highlight for me was the William Watson Lodge. This particular facility was built and designed for the handicapped, and it's an overwhelming success to the extent that

they've had to expand on numerous occasions now. Just as an aside, it was interesting to note that the assistant manager of that particular facility is totally blind, and has been since the age of 12. He's able to make his way around the facility itself. He's able to make reservations through their central reservation system, and what was even more amazing, Mr. Chairman, was that this particular young man is a cross-country skier. He didn't cross-country ski in the daytime like you and I did, because his only problem was that he would bump into people during the day. But at night when he goes out, he has over 25 kilometres of trails memorized. That is, I think, reflective of the whole facility, the kind of use and the kinds of people it's able to cater to, and that's made available as a result of the trust fund.

Mr. Chairman, the fund 10 years ago set out three principal objectives: one was to save for the future, two was to strengthen and diversify the economy, and three was to improve the quality of life in Alberta today as well as in the future. I believe the fund over the years has clearly met that mandate -- clearly. Not only has it, as I said, produced ongoing revenues to this government, to this province, to the equivalent of an 8 percent sales tax, but it has also accomplished a whole lot of things and helped Albertans in a lot of other ways while doing that, and I think that's a real credit to the fund.

Mr. Chairman, I don't think there's a lot I want to add at this time, though certainly we could spend a lot of time talking about the accomplishments of this fund, talking about the diversification it's been able to provide over the years in the province of Alberta. I think the fact that the province is as financially stable as it is today is a credit to this fund -- the fact that there aren't more Albertans unemployed, the fact that in spite of being hit in our two major industries, oil and agriculture, we're still able to show a tremendous amount of resilience.

One last thing that I would like to mention before I sit down is the Prince Rupert grain terminal. Again, I don't think we fully appreciate the success of that particular facility in getting our agricultural products to market. Again, a number of us from the committee had an opportunity of going out and seeing firsthand and witnessing record-setting days for getting grain from the farmer's field to the port and into the ships.

In conclusion, Mr. Chairman, I just want to say that if we've been guilty of anything as a government as it relates to the Heritage Savings Trust Fund, we've been guilty of not clearly communicating to Albertans just how much it is working for Albertans today and will be there to work for Albertans in the future.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Edmonton Kingsway.

MR. McEACHERN: Thank you, Mr. Chairman. Just a few more thoughts that occurred to me as the debate went along. The Member for Calgary Buffalo asked what principle was it that distinguishes expenditures based on the capital projects of the heritage trust fund from capital projects under the usual departmental budgets. Now, you realize that also once those expenditures are made, they generate operating expenses. I was talking about that a while ago and wondering how you could know, when you're doing the departmental budget, which operating expenses were generated by which of the two funds -- the departmental funds and which from the heritage trust fund. And I suppose you might say, "What's the difference?" Well, the difference is that the government evidently set more money aside than it wanted to after a while and decided they needed to

take some of it back and spend it. So that's where the deemed assets came from. And by the way, all that dissertation about the deemed assets from the previous speaker -- I mean, the very word "deemed" means you're trying to con somebody. You know, you're trying to deem this as something it isn't. You're saying, "We've got this expenditure; we will deem it to be assets." So that's where that comes from. Okay?

Anyway, back to the principles which would help one distinguish between these two things. I don't know, and I thought a lot about what underlying principle might make it so that a government would decide to do the Walter C. Mackenzie Health Sciences Centre out of the heritage trust fund and might decide to do the Mill Woods hospital out of an ordinary department of health care budget.

I did come up with a couple of thoughts that occurred to me for this government -- to explain their behaviour. One is, I think, they didn't want to admit that they had put more money aside and then sort of wanted to use it and needed it. So they didn't bring it back into the budget and then go ahead and spend it under normal budgetary procedures. They made a special decision as a cabinet to spend that money and then bragged that it was something special and unique and different because it came from the heritage trust fund. I don't really see that that makes an awful lot of sense, personally.

I guess what it does for them is allow them to brag a lot to the people of Alberta about "Look what we did from the heritage trust fund." as if somehow that's different than what they did from the budget -- you know, just a normal budgetary expenditure. It also allowed them -- and this is the part that probably disturbs me even more -- to get by with a more shallow analysis of those expenditures, because the heritage trust fund is not debated and the information given is not analyzed and argued on the same in-depth analysis that we get in the budgetary expenditures. So I think those are the principles that make the decision as to which route the government has decided to go some of the time. And none of them are very worthy, I might add.

The speaker from Red Deer South raised a number of things about the fund that are good. I agree that certain aspects of the fund are good, but I can't resist commenting and just pricking a few of the balloons that he was bragging about. I mean, the medical research centre is probably doing good work; I don't doubt that. I heard a lot of the things that were happening, and it sounds like it's doing very well. But this government is in a very tight fiscal situation, and will be for the next few years, and I think you'd better be aware that they were asking for another \$150 million. Now maybe that will be a good investment, and it's something we need to look at, but it's not all just wonderful and a bed of roses. There's trouble ahead and hard decisions to be made ahead. I think you need to be aware of that. That was brought up in the heritage trust fund hearings and conveniently left out of the chairman's report.

He mentioned Kananaskis and bragged about how wonderful it was to tour around there. Well, I'll tell you I went on part of the tour and I thought the facilities were wonderful too -- perhaps too wonderful. You build a Taj Mahal and it's going to be very costly to run and very costly to use. The tourism that it brings into the country may or may not pay off in the long run. I guess you've got to try to expand and improve our tourist facilities. Certainly we do have those wonderful mountains and we should try to improve that. But I've still got to say again, as I said once before in the House in talking about Kananaskis, not too many of the people out of Kingsway that are lining up at

food banks are going to get there. So it has its downside too. This government started that project with some \$40 billion, and then over the years it sort of grew willy-nilly to well over \$200 million. I don't think it was carefully planned, and I don't think those changes were brought into this House and debated fully and the implications all made. I think people were sort of sucked into it gradually by -- I don't know whether it was over-expenditures or bad management or just what, but there were a lot of problems with it. Look in the Auditor General's report of 1981 if you don't think there were a lot of bad management problems that caused the initial problems.

I want to speak on what I think has been a more positive aspect of the capital projects division and that is the diversification aspect, and there are some to that, I think the medical research foundation being one. I think the attempts at developing tourism -- even though Kananaskis was badly done in some ways -- nonetheless still may very well lead to some diversification there. I think of agricultural processing as also another area in which they've done some diversification. I think of AOSTRA which, you know, built on new technologies for the tar sands. Those are important things.

But I would like to say to the Treasurer that most of those things are just barely off the ground and are at a rather fragile state. When the government put too many eggs in the oil basket and is suddenly now defunct of revenues in that area, we are now looking to these diversification efforts and saying: just how good are they? Are they going to come through for us or are they not? And they may do. But taking a billion dollars out of taxpayers' pockets in this last budget, and the kind of lowering of demand that that will mean within Alberta, may depress this economy further and may hurt those very industries which you have struggled to get going.

And another aspect of that: I would like to say that in terms of diversification efforts of this government -- and in this sense the remark applies all the way across the board for all government attempts at diversification -- far too much has been concentrated on oil. Okay, that point I already made. But the places where you've had success in diversification are where you have specifically targeted the money, and I think you should learn a lesson from that and think about that. It's where you specifically targeted the money to particular projects that you got something new going that may pay off, and we're hoping that they will, of course. I mentioned some of those a minute ago.

I think the Treasurer should have rethought things like the Alberta stock savings plan, where he had a chance to get it to target in specific directions and encourage specific kinds of diversifications, and he didn't. I think he missed an opportunity.

MR. CHAIRMAN: Hon. member, that is a long, long way from the capital projects division.

MR. McEACHERN: Okay. I won't dwell on it, but I just wanted to contrast it to the diversification done with the heritage trust fund projects I've mentioned, which were very specific. I was mentioning another area in which he was not being as specific and hence missed an opportunity to develop diversification. So what I was saying was that the Alberta stock savings plan will not probably lead to diversification, because that kind of specific targeting is missed, so I think that's an important contrast. I appreciate your point to bring me back.

So, Mr. Chairman, those are just some of the thoughts that occurred to me as I listened to the debate, and I would anticipate

the Treasurer's responding to some of the suggestions of the speakers this evening.

MR. CHAIRMAN: Hon. members, it's been an extremely interesting discussion on the capital projects division. As the Chair mentioned, under Standing Order 58(2), the Chair was really restricted to the items of the estimates before us, so next sitting day we will address those very items. The Acting Government House Leader.

MR. YOUNG: Mr. Chairman, I move that the committee rise, report progress, and beg leave to sit again.

[Motion carried]

[Mr. Speaker in the Chair]

MR. GOGO: Mr. Speaker, the Committee of Supply has had

under consideration certain resolutions, reports progress thereon, and requests leave to sit again.

MR. SPEAKER: Having heard the report and the request for leave to sit again, does the Assembly agree?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? So ordered.

MR. YOUNG: Mr. Speaker, before adjourning, I'd like to indicate that tomorrow the business of the House following question period will be Government Motion 14 and second reading of Bills on the Order Paper, beginning with Bill 38, the Appropriation Act, 1987.

[At 10:05 p.m. the House adjourned to Friday at 10 a.m.]