

[Chairman: Mr. Kowalski]

[10 a.m.]

MR. CHAIRMAN: Good morning, ladies and gentlemen. There are two documents that are made available for you this morning: one, the minutes of the Tuesday, September 13, meeting of our committee; and secondly, the update of news clippings to October 1, 1983, I guess. Included in that package of news clippings you'll see one dated September 23, under the headline Heritage Trust Fund Projects Mismanaged — Tory MLA. It quotes one of our members with respect to accusations of mismanagement. I don't quite recall making those allegations in the Assembly, but I guess that's part of the business of the world we live in. It made for good reading, if nothing else.

This morning we are going to be proceeding with the introduction of the proposed recommendations as a result of the document circulated yesterday. I indicated that there were three items we should perhaps follow. We did have an initial discussion yesterday on No. 1, the approval of the chairman's list for introduction of the proposed recommendations. If members wish to make comments with respect to changing the order of this introduction, perhaps now would be the time to do it. If there are no requests for changes, then we would proceed with the schedule as it has been enunciated to this point in time.

First of all, can we clarify that matter? Is there general agreement that this is the order we should proceed with?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Okay, thank you very much.

The second item deals with procedural matters. I indicated yesterday that clarification of the role of the chairman in terms of participation and discussion was important. It is my suggestion and desire as chairman to remain neutral and not participate in the discussions at hand but to do everything in my wisdom and my responsibility that you've given me to ensure that discussion carries on. In the event that there's a tie vote and need to break the tie, then at that point I would exercise that prerogative and break it. If that should come about, it would almost be broken without benefit of your knowing why. You simply get a yea or a nay.

Would that kind of approach meet with general agreement?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: The other item is on the procedural matters. I just want to repeat again that there is a red book, written by a fellow by the name of Beauchesne, which refers to rules of the Assembly. I want you all to know in no uncertain terms that I've never read the document. It's my hope that I'll never ever have to read the document, and I think we'll try to use as much common sense as we possibly can about resolving items. So if any members want to participate in nice, legalistic arguments, you'll lead me astray, and unfortunately I'll then have to do some reading, which would delay the proceedings. So it's really a word of optimism on my part at the beginning, that in my view we've got a pretty darned good committee, with excellent people, and I think that we should be able to get our work done with a minimum of procedural wrangling or haggling.

So ladies and gentlemen, on that point, I think our intent today was to introduce 42 proposed recommendations. I would point out to you that we've set aside five hours for discussion today, from ten o'clock to noon and from two o'clock to five o'clock. If you divide 42 into 300 minutes, you come out to approximately seven minutes per

recommendation. It would be my suggestion that in essence we move to have the individual with proposed Recommendation No. 1 read it into the record, have a brief discussion on it, and then go on to the second one. Members should not feel restricted about not participating or participating. Use your own discretion at that point. If there's need for clarification, just go right to it. We'll take all the time that's necessary to keep the process going.

MR. MARTIN: Then your idea would be to go through and have some discussion on each resolution, but not vote on it; then come back through the whole package again. Is that correct?

MR. CHAIRMAN: That's exactly correct. The feeling also was that if there were additional recommendations by members that would be forthcoming as a result of discussions yesterday and tomorrow, then they should be on my desk at midday Wednesday; then I'll have an addendum list added to this as well.

So if that's in general agreement with everybody, I would now invite Mr. Nelson to proceed with proposed Recommendation No. 1.

MR. NELSON: Thank you, Mr. Chairman. The recommendation I've indicated here is that meetings of the Standing Committee on the Alberta Heritage Savings Trust Fund Act be scheduled earlier in the calendar year so as to permit an earlier conclusion of meetings with members of Executive Council and a greater opportunity for committee members to develop and debate recommendations with respect to the Alberta Heritage Savings Trust Fund.

Mr. Chairman, the committee was struck in the spring session of the Legislature. Although we've had some possible difficulties getting ministers to sit and discuss their portion of the fund at various times, I think maybe if we were to start somewhat earlier we could reach the point we're at now at an earlier stage and also give members of the committee some benefit of possibly doing additional research into each of the recommendations that are here by different people and, secondly, to debate the merits of them in a more decisive and possibly even better manner.

So if we were to have the conclusions of these debates somewhat in advance of the fall session which is coming about, I think the input into that, into the Legislature itself, would be more in keeping with the intent of the committee. I don't want to get into any greater length of debate or discussion at this point, but certainly I could do so if it were desirable.

MR. ANDERSON: Mr. Chairman, I have no problem at all with the concept of the proposed recommendation and, in fact, think it's a very useful suggestion. I guess my only concern would be that we not tie the chairman, in particular, to a schedule that may conflict either with other committee meetings, which we won't know of until next year, or with other difficulties that might take place with respect to meeting with specific members of Executive Council or ourselves. I'm just hoping that once we finalize this resolution, it will allow for flexibility rather than tie us to a particular time frame.

MR. HYLAND: Mr. Chairman, we had some discussion earlier about possible — what would you call them — tours or things we should look at relating to the trust fund. I'm just wondering if Mr. Nelson is thinking of this along with the meetings — tying in these kinds of things that had been talked about earlier.

MR. NOTLEY: Basically I support the recommendation. For a long time I've felt that we got ourselves into some difficulty with the time frame. We may be okay this year, because we don't have a large number. Yesterday you were noting that 42 was more than you expected. Several years ago, I think we had well over 100 recommendations to deal

with.

We've run into difficulties in past years, when we've actually had to have meetings of the committee during the fall session of the Legislature. That is not a very good situation to be in at all, because members are busy with the normal legislative work. The only suggestion I would make is that I think what we might look at in terms of our framework is to have the organizational meeting, which is a relatively short meeting, toward the end of the spring session so that we can begin scheduling ministers in June before we get into the holiday time. That would give us more flexibility.

MR. KROEGER: I'd just like to make a comment, Mr. Chairman. I guess if we decide to have more time allotted to us, we'll fill it. I'm just surprised at the Member for Calgary McCall for making that kind of suggestion.

MR. CHAIRMAN: Okay, do any additional members want to participate? Mr. Nelson, you can conclude this opening.

MR. NELSON: Just quickly, I'd like to answer the question Mr. Hyland indicated. The thought is not necessarily to utilize the time differently and certainly not to add additional meetings to what we already have but to try to get an effort to conclude them and offer a little more time for research and constructive debate during the period of looking at these items — certainly not to create additional time or totally change the format.

MR. CHAIRMAN: Okay, can we then proceed to proposed Recommendation No. 2.

MR. ANDERSON: Mr. Chairman, if you want it read into the record, that recommendation reads that the annual reports of the Alberta Heritage Savings Trust Fund contain more information about what the fund has done and is doing with respect to economic diversification in Alberta.

The reason for the recommendation is that one of the prime goals of the Heritage Savings Trust Fund is in fact economic diversification, and I think many Albertans have had difficulty seeing specifically how the fund has attempted to accomplish this goal. We ourselves, from time to time, may have had difficulty categorizing fund activities in that particular way. This is merely one way of attempting again to communicate with the Alberta public what the fund is doing, as well as giving ourselves another bench mark with which we can deliberate in this committee.

MR. MARTIN: Mr. Chairman, I have no problem with the general thrust of this recommendation, providing it is information. As you'll see later on, I do not think there's a point for mood music and nice pictures. If it's information the people need and should have, I have no problems with that. I would expect, though, that if we were doing that, every government is going to have failures and successes. If we're giving information, I suppose you would have to put down the failures as well as the successes in terms of what is perceived as diversification. So as long as it's information and as long as we're listing both failures and successes, then I would be for the recommendation. Hopefully the hon. member would indicate what he had in mind in a more specific sense in his conclusion.

MR. ALEXANDER: Mr. Chairman, that was my point too, obviously from a rather different perspective. I don't know what the hon. Member for Edmonton Norwood has against mood music and pictures, but my question was really going to be: having tried to write annual reports and those kinds of documents, before I could support the idea I'd really want to know a great deal more about what is meant by "more information".

What informs one person may offend someone else, and what may be a failure in someone's eyes may be a success in someone else's eyes. I really think that's a problem

that is raised by this particular motion. While I think I understand what Mr. Anderson is getting at, the difficulty of putting more information in a report raises far more questions that will create difficulties for the writers of the report and, unfortunately, doesn't supply them with a guideline that they're going to require. So more information is not a helpful suggestion to the people who have to write the report.

I guess my only point would be that if there is something specific in mind in terms of information — annual reports tend to be confined, and should be as confined and specific as possible. I would oppose the idea that there should be an itemization of failures and successes, because those are just as broad as the idea of information or any more mood music or pictures. What are we looking for, concretely? Then I think the idea may well be useful.

MR. ANDERSON: Mr. Chairman, just one humorous remark with respect to Mr. Martin's comments. He said he didn't want nice pictures. I suggest that I take the pictures, and there would be no problem in that regard.

MR. MARTIN: I said mood music and nice pictures.

MR. ANDERSON: Seriously, though, I would expect that any addition to the annual report with regard to this recommendation would in fact be information and would not be an attempt to create a particular idea or thought in a general sense.

With respect to Mr. Alexander's comments, however, I think it's extremely difficult for this committee — or for any member of it — to try to identify specifically what would have to be in there. What I would look for, and what I think Albertans and we as a committee have a right to have, is the government's overall plan with respect to economic diversification and how it is achieving that through the investments made by the Heritage Savings Trust Fund. I think if we had that on an annual basis, we would have before us some way of measuring whether or not we're achieving that goal.

Admittedly the judgments with respect to what would be in the annual report would be somewhat subjective in that regard. What constitutes economic diversification and what doesn't? I would suggest that all of us would have different opinions on what does that and what doesn't. But at least if we had in the annual report what the government feels investments are that relate to economic diversification, we could then make a judgment ourselves with respect to whether or not that was in fact the case and if we should in fact be going a different direction, enhancing a direction, or not going a direction at all.

MR. CHAIRMAN: Thank you. Could we then move to proposed Recommendation No. 3, Mr. Nelson.

MR. NELSON: Mr. Chairman, the recommendation is that the annual report of the Alberta Heritage Savings Trust Fund contain identification of the \$300 million Alberta Heritage Foundation for Medical Research Endowment Fund and documentation as to expenditures, as well as a yearly financial balance sheet.

Basically, Mr. Chairman, there was no indication in the financial report that this was even in evidence. It's part of the fund that needs to be identified. I think that's really all that needs to be said about it. It's a type of motherhood thing, an identification thing, for the report to have the benefit of placing it in there.

MR. CHAIRMAN: There appear to be no comments forthcoming from members, so we will move to proposed Recommendation No. 4, Mr. Martin.

MR. MARTIN: Mr. Chairman, this resolution is fairly straightforward. I think as a committee we want to go over all aspects of the heritage trust fund. I'm not sure if we

can do this, but if it is not a policy, I'd like to bring it in. The one proviso, we said "should annually appear as witnesses before the committee". I would not be upset if it was on demand. Perhaps having people come in annually isn't necessary, but on demand just as any other cabinet minister is.

The reason I say this . . .

MR. CHAIRMAN: I think it is important for you to read the proposed recommendation into the Hansard record.

MR. MARTIN: You want me to read the motion?

MR. CHAIRMAN: Then it would be in the Hansard record.

MR. MARTIN: Okay: that the committee request that all Members of the Legislative Assembly who sit on the corporate boards of Syncrude and other such fund-supported joint ventures as government representatives should annually appear as witnesses before the committee and should make available such documents and papers as the committee may request.

The purpose of this is simply that there is part of the heritage trust being spent that we are not acting as a watchdog in looking into. I think it's clear that we should have the right to question these people. There is some precedent in the Legislature for this, when government members have sat on boards. You are now the government member on Syncrude. But I believe at some point Mr. Bradley was in that position, and we allowed questioning in the Legislature of Mr. Bradley. So I think the precedent has been set in terms of the Legislature. I am just asking that that precedent be brought in and used on demand, especially for this committee.

MR. ANDERSON: Mr. Chairman, I have no problem with the general direction of this particular suggestion. I think it would be helpful to have you change chairs once in a while. However, I have some concern about the second part: "make available such documents and papers as the committee may request". The member, in his closing remarks, might want to identify more clearly what he means by that statement. Does that mean that we could request any papers which are confidential in the running of any operation, be it Syncrude or others? Or is he talking about annual reports of Syncrude and such? But generally I have no problem with the idea of members appearing before the committee.

MR. ALEXANDER: It appears that I am really on the same track as Mr. Anderson. It depends what the second part means: "make available such documents and papers as the committee may request." Does that mean any member of the committee or that the committee may agree as a whole? And what documents and papers?

I would be opposed to requisitioning from one board member of any corporation the documents and papers of the corporation. First of all, I don't believe the corporation could agree, even if it would agree, to allow one board member to take the corporation's papers and documents to a meeting. At least if they would, they shouldn't do so, in my view, if they are behaving as a corporation. These are different things, of course, because there is government involvement.

I think there would have to be a great deal more work done on the idea of making documents and papers available through one person who may be a member of the board of directors of one of these corporations, notwithstanding the fact that he is a Member of the Legislative Assembly. I have no objection at all to his appearing, but to bring such documents and papers of the corporation as the committee may request puts him in a position, vis-a-vis the other members of the board of directors, of requesting things that they may not be willing to have him take. I would sympathize with his position in that

case; thus, I could not support the second half of the resolution, although I have no problem with the first half.

MR. THOMPSON: Mr. Chairman, I would like to get a little more information on the phrase "and other such fund-supported joint ventures". Outside of Syncrude, what other joint-ventured projects do we have that you are talking about in this resolution?

MR. MARTIN: Do you want me to answer?

MR. THOMPSON: Yes, you can answer that question.

MR. MARTIN: At this point it is only Syncrude, but we don't know what's going to happen in the future. That's why we put other related matters.

MR. NOTLEY: Mr. Chairman, I am pleased to see that members support the first part of it, which is that members who sit on these boards should, on request, appear. At least I trust that's the consensus I see developing.

The question of the documents is really an important issue that I think we have to come to grips with in this province. As far as the request, it would obviously be a request by the majority of the committee. The intent is that it would be a committee request, as opposed to an individual member of the committee.

That doesn't really deal with the larger question that both Mr. Anderson and Mr. Alexander raised. In a sense, we're going to come to this in No. 6 as well. We really have a major problem that has to be tackled not only in Alberta but in Canada, when we deal with public funds either in Crown corporations or in companies in which there is significant Crown involvement as a joint venturer. You have the juxtaposition of two positions: commercial confidentiality, the normal rights that exist there, on the one hand; and the need to protect the public purse and the right of the public to know.

The reason that both 4 and 6 were presented is that we think it's time we began to explore ways in which we can attempt to reconcile those two conflicting areas. We have not done enough on that. You mentioned Beauchesne. We could look at Beauchesne and the rules that guide the release of information in the Legislature. Would that be appropriate for a joint venturer? In part, but not totally. We are going to have to look at how we deal with the public's right to know. I'm going to be saying more about that when we get to No. 6, because I have some quotes that were raised in the House of Commons and that I think are particularly relevant on this subject. I raise the issue now because I think it is an important, long-term matter that we have to deal with. But in terms of the specifics, it would be a request of the majority of the committee.

MR. MARTIN: Just in conclusion, looking at the last part of it, which seems to be the major concern of members — "such documents and papers as the committee may request" — obviously it goes without saying that any annual reports and these sorts of things are public knowledge. Mr. Notley has already talked about our having some problem, and admittedly it's a difficult one. What is commercial confidentiality when you have government ventures? So we have to deal with that one. I appreciate Mr. Alexander's concern. But there is a concern on the other side, and I think that's what we have to deal with.

Obviously, not one committee member — if all of a sudden I decide I want to bring somebody in, I can't do that now. So it would be the whole committee that we're talking about, in terms of calling these people and in terms of any documentation that they brought. It just would not make sense for one member of the committee to be able to do this. I thought that was self-evident in everything that we did in the committee, but just to reinforce that: it would be the whole committee rather than one member requesting these things.

MR. CHAIRMAN: Okay. Mr. Notley, would you then propose Recommendation No. 5.

MR. NOTLEY: Recommendation No. 5: Inasmuch as in 1981 the committee recommended that detailed annual reports on the fund's interest in the Syncrude project and any other joint venture be provided to the committee, Recommendation C25 of 1981, that the committee reiterate the recommendation that such detailed reporting would permit a proper evaluation of the merits of those investments.

Mr. Chairman, just a little bit of background to members who have come to the committee subsequent to the election of 1982. There had been a number of questions raised in 1980 and 1981 over the prudence or otherwise of converting at that time the debentures the government of Alberta held in Syncrude, some \$200 million, into equity. I think there was a feeling that the reporting system — I say I think there was a feeling; the committee recommended that we have a detailed report in 1981 so that we could make the judgments as to whether or not it was prudent to convert from a debenture into equity.

Eventually that was done. I guess I would argue that it was done some months later than it should have been. Others might argue otherwise. But as one looks over the annual report, we find that the return on that equity was indeed a very good return. But in order to be able to make the judgment call on major investments in joint ventures, it's our feeling that there should be a detailed report made available, and that's the reason for the recommendation.

I might just mention that there are several other potential ventures that we'll be raising. Of course, we also have the grain terminal, where we don't have equity but do have significant investment. It seems to me that when one looks at the commitment of the fund to some of these projects of one kind or another, we have to have access to sufficient information to do our job as watchdogs.

MR. ALEXANDER: I don't think there's any doubt that we're into two or three areas here of major difference and major significance. For example, it is not clear to me what "a proper evaluation of the merits of those investments" means. I would submit that a proper evaluation of the investments is made by the auditors of the reports that are submitted; in the case of government investments in the public sector, presumably by the Auditor General. Those judgments are, generally speaking, accepted as proper evaluation. That's a system we set up so that somebody is in charge of properly evaluating at least the operations of the corporation.

I guess that where I would have a major difference with my colleague from Spirit River-Fairview is that I have some considerable difficulty with the matter of judging the merits of investments in the political sphere. I think that is on record empirically, a notably unsuccessful enterprise, and I think it's important that he says we need the opportunity to make judgment calls on major investments.

I would submit that what we're really talking about here is not a proper evaluation of the investments as such but the ability to have a basis on which to make a more informed political opinion or political judgment, which is an entirely different thing from judging the merits of investments on the face of it. That's one problem. The prudence of converting debentures into Syncrude is not something that a person other than those who have the responsibility and experience in such matters is probably capable of judging prudently. At least, those definitions exist in the investment world. Therefore I think it ought to be clear that what I think is being discussed here is that we are looking for the basis on which to make political judgments about investment decisions rather than the merit of investment decisions as such. That's my first problem with it.

My second problem with it is that in Crown corporations, including Syncrude and any others, as in private corporations, we take great pains to hire the most capable people we can find to do precisely what's described here. Then what we do is turn around and, if we

get such things as documents and papers as the committee may request or take unto ourselves the proper evaluation of the merits, we second-guess the person we're paying to do the job, after he's already been second-guessed by his own auditors; in other words, he's been confirmed, he's been audited, he's reporting, and then he goes back for a political evaluation in which he perhaps gets second-guessed again.

That's the process I objected to earlier on. I still object to it. I don't think it's a valid process, and I don't think it makes any difference that it's a political investment. If you hire people to do a job, then give them the right to do the job, give them an evaluation system by which their performance is measured. But if you're going to send politicians back to second-guess the judgments they've made, it just simply will result — and should result, in the long term — in qualified people rejecting the role. You can call that watchdogging if you like, but I don't believe that's a watchdogging function.

We'll get to other issues in item No. 6, but I have those two problems: what is the proper evaluation of the merits of investments, and who is capable of making those judgments. I am not talking here about political judgments; I'm talking about investment judgments. Thirdly, I object to the idea of hiring people to make these investment decisions, and then staring down their throats politically after they've made them.

MR. MARTIN: Mr. Chairman, I would remind the Member for Edmonton Whitemud that we are dealing with public money. People make political judgments about public money. Unfortunately, the saying is that democracy is very messy; it's not particularly efficient. But if corporations, for example, or joint ventures do not want to be involved in that democratic process of watchdogging, as he puts it, they should not be at the public purse. The whole role of the Legislature, when it was set up back in British parliamentary times, is that the people that are elected by the people are in fact to be the judge. And if it be a political judgment, so be it; that's what democracy is. To say that because we hire high-paid people — and in the main, they probably do a good job — it doesn't mean they're infallible. Who would they be accountable to, with public money, if it's not this Legislature?

It's a very dangerous precedent, because more and more government can move things into joint ventures, so there would be less and less for the Legislature and elected people to look into. Surely what's happening federally by the Conservative Party — I think they've raised some good points about Crown corporations; they seem to be going their own way. Mr. Dye, the Auditor General for Canada, has expressed concern over what's happening with Crown corporations at that level, that they don't seem to be accountable to anybody. He's raised it, and many of the Conservative members of the House have mentioned — and I think rightfully so — that there has to be some accountability there.

Whether it's a Crown corporation or a joint venture, I think the point is, it is public money. If it's a political judgment, so be it. That's what we're all elected to do. We're not all Conservatives. We may have different political judgments, but that's what democracy is all about. Surely it would be a very dangerous trend, I believe, to start moving more and more behind closed doors under the idea that we need commercial confidentiality, because we could be moving the whole Legislature in that direction. It would be much more efficient, agreed. Much more efficient. But I think it would be a very dangerous trend. I would just caution the member, because the federal Conservative Party seem to be going in the opposite direction, and I think rightfully so.

MR. ALEXANDER: Just on a point of order. It would be interesting if we were talking about the same thing. The Conservative Party is talking about bringing Crown corporations under the Auditor General, which I also said. I fully agree that every investment we make in the public domain ought to be under the Auditor General, and his report ought to be available. That's clear. I said that and agree with that, so we're not talking about the same thing.

MR. MARTIN: And on the point of order. Along with that, they are also pressing to be able to debate this in the Legislature, to know what the Crown corporations are doing.

MR. CHAIRMAN: Just a point of clarification. Syncrude is not a Crown corporation.

MR. NOTLEY: If there are other people who want to comment, I'll close debate later.

MR. CHAIRMAN: No.

MR. NOTLEY: Okay. I think one of the concerns I would have about the response of Mr. Alexander, and perhaps others, is the role we are giving the technocrats in our society. No question, the people we hire to make the judgments as to whether we should buy bonds or sell them have a very important role, a very key role. But in a democratic society, the technocrats have to be accountable. They have to be accountable to people who have some information, otherwise that accountability is nothing more than a fraud on the public. In the final analysis, the people who have to hold the entire technocratic structure accountable are the elected members, and elected members can only do that job in the presence of relevant information.

I think that just strikes at the heart of what our democratic society is all about. As my colleague pointed out, that is rather messy. The Conservatives in the House of Commons make the point that Crown corporations should come under the purview of the Auditor General. Why? So the Auditor General can make a report. To whom? To the parliamentarians. Why? So the parliamentarians can assess the merits of the investments. Now that's all we're saying. In 1981 we made that recommendation. It resulted as a consequence of a good deal of debate — I think quite relevant, useful debate in this committee — over whether or not there should be a conversion. We needn't get into that at this point. But I think the issue I'd just like to leave with members before we vote on this some days hence is that relevant information is necessary if people are going to do their job, holding whoever is administering whatever accountable for public funds.

MR. CHAIRMAN: Okay. Mr. Notley, would you proceed to introduce Recommendation No. 6.

MR. NOTLEY: Mr. Chairman, Recommendation No. 6 is that the committee recommend that complete information on public investments should be available to elected representatives who safeguard the public purse and that this principle should take pre-eminence over "commercial confidentiality" when trust fund investments are reviewed.

Mr. Chairman, I don't think there's much doubt that this is relatively controversial, but it does raise the point that I wanted to touch on a little earlier; that is, that we have two conflicting areas of thought here. We have the normal commercial confidentiality. We have, on the other hand, the protection of the public purse. As my colleague has pointed out, companies that wish to retain all the preserves, if you like, of commercial confidentiality have to make that judgment when they deal with the taxpayer either as an equity participant or as a supplier of large amounts of funds. It seems to me that our whole system of government, the parliamentary system, is based on the proposition that the purse strings will be controlled by parliament. So however inconvenient that may be, to side-step that principle is to erode the system of government. I have a number of quotes here from Joe Clark on December 9, 1982, that I won't belabor the committee with, except to recommend that speech as good reading.

MR. MARTIN: We know you all supported him.

MR. NOTLEY: The basic proposition I'm putting forward he put forward much more eloquently — although perhaps not quite eloquently enough in June — and very forcefully

in the House of Commons. I think that as a committee we have to decide which is the most important principle, Mr. Chairman. What we're saying now is that commercial confidentiality is the most important. And I say to you that while it's important, if there is any conflict between the public's right to know how their public dollars are being spent or invested, as the case may be, the control of the Legislature over the purse must be pre-eminent. That's basically the proposition we put forward.

MR. ANDERSON: Mr. Chairman, I agree with a number of the points raised by the proposer of this particular recommendation, the first one being that it's controversial, only I would say "extremely" rather than "relatively". I think all of us who are responsible for safeguarding public funds recognize that as a major responsibility. Where I disagree fundamentally is that there in fact is a choice to make here, that we either safeguard public funds and look after our responsibility or adhere to a principle of commercial confidentiality. I do not believe that's the case. I do believe that we carry out both functions and that we have to do so through such things as the Auditor General and mechanisms of that sort. We also have to do so through our general control over the budget and what we allot to the Heritage Savings Trust Fund.

But I think we harm the public of Alberta, more than anybody else, by suggesting that we will jeopardize potential investments, not just from the company's point of view but from our own point of view, when we talk about allowing no confidentiality to take place. It's evident in the market place that there has to be confidentiality in many aspects of commercial investments, including investment strategies. I really think we would do the public of Alberta a disservice if we restricted that in total. So in short, I agree completely that we have to safeguard the public purse. That's a major responsibility of elected representatives. But part of our responsibility as well is to make sure investments take place in the most prudent way. We indeed have to try to get the best for the dollars we safeguard for Albertans, and we should do that in the most responsible way possible.

Just one other point. Mr. Notley suggested that it's really a choice of a company; they are either not involved with the Alberta government and safeguard commercial confidentiality or they're involved and give up all of those rights. I think it's us who have the potential for losing, every bit as much as the company in that kind of statement. It isn't just the decision of that company; it's a decision as in Syncrude, when we were trying to stimulate that activity and get it going. For Albertans and for our economy, it was our decision that that had to take place. I suggest we have at least as much to lose as to gain — and, from my perspective, much more — in passing this motion. So obviously I'm not in favor of it, Mr. Chairman.

MR. ALEXANDER: I say hear, hear to the things Mr. Anderson has said. The difficulty with this resolution, as with a couple of the ones that preceded it, is it has a number of issues confused and lumped together as though one were dependent upon the other. We hear talk about democracy, a messy system, but it has to work anyway, which is entirely irrelevant. Democracy is not at stake. Nobody is challenging the democratic process. The last I heard, that had to do with the political process, in which people elected representatives. We don't necessarily run companies democratically, even though they may be joint ventures with the government.

Commercial confidentiality is a straw man, and the points that have been made here are tilting at windmills. Commercial confidentiality has a time dimension in business, and I think we're overlooking the fact that there is a period of time during which commercial transactions are made in which, as Mr. Anderson quite rightly pointed out, the go/no go decisions in business are made. Before the go/no go decisions are made, if they have some confidential element, the deals need that confidential element to be able to go. But after the deal is made, it is then reported in the transactions of the company in its annual report, probably reviewed by the auditor and the Auditor General. It ought

to be, and there's no disagreement on that; we're clear about it.

But to suggest that commercial confidentiality somehow or other falls within the purview of the democratic process or the public's right to know, is just plain nonsense as far as I'm concerned. When one is dealing with the matter of making a real estate transaction, making an investment of some kind, making a financial investment, or some other kind of investment, if that investment has to be exposed to the general public, then in some such investments it simply can't be made or won't be made, because somebody else will have access to it and make it first. So it simply pulls the rug out from under people who want to make deals on behalf of these joint ventures or Crown corporations, whichever the case may be; which is not the same thing as saying that later on this deal, which in July was commercially confidential, won't be reported so that the public can know about it when the annual report comes out and the Auditor General reviews it.

I suggest that that's a red herring, and it is simply not a factor in the protection of democracy, the people's right to know, or any other issues which is being discussed here. Confidentiality is a crucial factor in some deals and will either result in the deal being made or not. Mr. Anderson is absolutely right to point that out. It is not, I reiterate, the same as saying that commercial confidentiality means that the government doesn't report the results of its operations to the people, because it doesn't mean that. They do report those, and they should. They should be audited; they should be public; and we should be able to examine them, which we do.

I suggest that the issue of the democratic process is not at stake. The issue of the public's right to know is not at stake. The time dimension of confidentiality is extremely important in commercial transactions, and if you pull it out, then forget about the commercial transactions. I am with Dennis, perhaps for different reasons. I simply couldn't support the resolution.

MR. MARTIN: Mr. Chairman, talk about a red herring. Obviously the member did not read. It says "pre-eminence over 'commercial confidentiality' when trust fund investments are reviewed", not at the time they are occurring. I would agree with you. At that specific time, you have to move quickly when you're making investments. If it got out, it could be bad for everybody concerned. But it says clearly in that recommendation when that should occur. I remind the member that there was a case — both he and I were not in the House at the time — of some \$50 million, and people couldn't find out that information. It was after the fact that they were trying to find it. That is the type of thing we're talking about.

I recognize that you can err in either direction on this. There are two important principles here. But we are saying that this principle should take pre-eminence over it when necessary. It doesn't mean you have to run in each time and say, this company did that or this individual did that. It's only when necessary to find it out, to do our work as legislators.

The problem we face, Mr. Chairman, is that we have more examples of joint ventures occurring all the time, and it can be a way of getting around the Legislature. If we weren't into as many joint ventures and Crown corporations as we are, perhaps this recommendation would be irrelevant, and the member and I could talk about those things. The point that I'm making is that we are into more of these things, and we are getting into a gray area. Perhaps we should. All we're saying is that it should take pre-eminence. We are not saying that there is no need at certain times for commercial confidentiality, but we are saying that we need a policy on this to determine where we are.

I think if they're honest, members know that some cabinet ministers carried this far beyond the need for it, in terms of the Legislature. It becomes a convenient way not to give out what might be embarrassing information. That may be good for the government, but we are all here as legislators and want the Legislature to work well, regardless of political stripe. So it becomes a catchall for everything.

All we're saying is "pre-eminence", because we're dealing with public money. Perhaps a policy should be established that would make it clear what would be confidential and what wouldn't. I think we could open it up much more than we do.

MR. NOTLEY: I think Mr. Martin has summarized our position, so we can go on to the next one.

MR. CHAIRMAN: It will be Mr. Martin, to proceed to Recommendation No. 7.

MR. MARTIN: Mr. Chairman, Recommendation No. 7 is that the committee urge that all proposals for investment of the fund in developments for the 1988 Calgary Winter Olympics be brought before the committee for scrutiny before approval by the investment committee.

I am also well aware at this point that Mr. Trynchy said he does not expect to come to the heritage trust fund. But I think sometimes it's better to look at things before they happen. I know that many of the members here — I've talked to them — are a little perturbed about what happened with the Saddledome, which is sort of the first step, if you like, towards the Calgary Olympics. We all want the Olympics to go well. We don't want major overruns, as happened in Montreal, which would embarrass all of us. We want to make sure that things are done well.

The point I'm making is that as people run into difficulties, it is natural that they look at where they can get money. If there is an overrun and the costs are going up, almost everybody is going to look to the heritage trust fund. All we're saying is that if this occurs — we're not even saying that they shouldn't come to the heritage trust fund — this committee should scrutinize what they're doing ahead of time. The purpose of this — and I hope members will agree with this — is to make sure that we don't get into a Montreal situation and have the heritage trust fund as sort of a bailout mechanism. I hope this is straightforward enough that people can support it.

MR. THOMPSON: Mr. Chairman, I appreciate the intentions of the Member for Edmonton Norwood. But as I read this resolution, it would make a major change in our terms of reference as a committee. I am new on this committee, so I am speaking the way I look at it. But in my mind it has always been more or less a watchdog committee, that we keep track of what is going on. Here it is proposed that we start to make decisions and direct the firm on how it works in the future, and I have real problems with that concept. Thank you.

MR. R. MOORE: Mr. Chairman, I am along the same lines of thought as Mr. Thompson. I find it difficult to understand where our role would be in getting into any project, not only the Winter Olympics. Prior to the investment, we become the investment consultant, and we're the watchdog at the other end. It kind of strikes me as something like a businessman auditing his own business. We're here in a watchdog function. We aren't here to approve investments and look at the potential gain or loss of an investment before it is made. That is why we have the people set up there that are knowledgeable in the investment field. We're here to play a watchdog at the other end, to see that it has been carried out according to its mandate and so on. I just have great difficulty in saying that we should be on both ends of it, at the investment stage and looking at the performance at the other end.

MR. NOTLEY: Mr. Chairman, I would just say to Mr. Moore that on the contrary, many of the recommendations since 1976 — recommendations, as a matter of fact, presented by government members — have been recommendations looking into the future, proposing ways in which to invest the trust fund. I might just add that the government has taken many of those suggestions. I look over the portfolio of investments in all the different

categories and note the sort of forward-looking recommendations the government accepted. So the idea that our mandate is strictly after the fact would not be accurate in terms of what we've been doing in the last seven years.

Now the question can be raised at this point as to whether this committee should do it or whether the entire Legislature should do it. I would argue that one of the advantages of this committee — and it might well mean adding a dimension to our role — is that a relatively small committee is in a better position to evaluate any of these proposals than the entire Legislature. I think probably — not necessarily but probably — the Olympic investments would have to come to the Legislature, because they would probably be capital works investment. But I say "probably"; it's conceivable we might be able to stick them into other categories so that they wouldn't have to come to the Legislature. But probably they would have to come to the entire Legislature in our capital works estimates. My point is that I think the scrutiny of the smaller committee would be more useful.

I say to members of the government: look, we're all in this together. We want this Olympics not to be the kind of disaster the Montreal Olympics was. In many ways it was a great event, but the deficit has so poisoned people's attitudes toward the Olympics that the only thing they remember is the deficit, as opposed to the event itself.

When we have money in the trust fund, there is no doubt that it's going to become a very convenient source for people who've miscalculated to come running to us to be bailed out. This is a Loto Canada par excellence. That being the case, Mr. Chairman, I say to members of the committee that we'd be very wise to set up the safety procedures, if you like, before we get into it, rather than have to worry about detailed examinations after the fact.

MR. MARTIN: I'm surprised people would be worried that we might somehow be changing the role of the committee as being a major problem. I don't believe it is necessarily changed. But if it is and makes this committee function better and be more worth while, I don't see anything wrong with that, John. The point we're making is that if there was a request from the heritage trust fund, they would come with a proposal. We would be acting as a watchdog with the proposal, in that sense, especially if it's gone to the minister.

To say that we could look at it after is like the old saying, which I'm sure you appreciate, John: it's like closing the barn door after the horse has gone out. I just go back to what my colleague has said, that all of us want this to go well. We're a little uneasy, and I know Mr. Nelson has told me he's uneasy about what's happening with the Saddledome. Hopefully this recommendation would never need to be used, and in fact they're not going to need the heritage trust fund, all the rest of it will come in under budget, and everything will just be hunky-dory. But we're suggesting a means here to protect the taxpayers' money. I would be surprised and a little shocked if people wouldn't support this, because it's not asking for extra money; it's just putting a check on in terms of something that could be a very big cost to the Alberta Treasury at some point.

MR. CHAIRMAN: Mr. Hyland, would you proceed to the introduction of Recommendation No. 8.

MR. HYLAND: Thank you, Mr. Chairman. Recommendation No. 8 reads that there is a need for more [simplified] public communication of the Alberta Heritage Savings Trust Fund.

To support this recommendation, we've been dealing with the fund for approximately eight years now. We have tried to inform the public what the fund is composed of and what the fund does. Even after eight years of the advertising that's been going on and the work all members of the Assembly have been doing to inform their constituents of this fund, it still seems there are some misconceptions about the fund. In fact, the

following recommendation looks at one of those misconceptions. We talked earlier about mood advertising and many other things. But I think there's a need for information, that the people it affects understand and understand how the fund affects them. I think there's a need for this type of information to get out to the people.

MR. NOTLEY: Mr. Chairman, in dealing with 8, 9, and 10 altogether, in terms of shortening the comments a bit, I think any advertising we do should be simply informational. But I think we're really kidding ourselves if we believe advertising is going to clear up some of the misconceptions people have about the trust fund.

One of the things about being in politics for so long — I remember the first public opinion poll I saw in 1969 in one area of this province. Mr. Strom had been Premier of the province for about eight months at that time. One of the questions was, who is the Premier of Alberta? Only 37 per cent of the respondents knew, which is unbelievable. In another poll that I saw in northeast Edmonton — this sort of puts us in our place — the question was: who is the member from this area of the city, Edmonton North-East? This gentleman had been a member of the Legislature for 20 years, and only 5 per cent of the people could identify him, and some of those identified him as a local chiropractor rather than a member of the Legislature.

So I think one of the problems is that no matter how much advertising we do — and I note No. 9, that it's not an income or tax on gasoline or from lotteries — the fact of the matter is that we could spend millions of dollars and people would still have misconceptions about the trust fund. I guess I would raise the point, and I leave it with members, that at a time when we're talking about restraint — biting the bullet and all kinds of Churchillian phrases to do with inflation, et cetera — should we be spending money on advertising when there really isn't much, in my judgment, that you can do to overcome the mass misconceptions?

I think the way in which we gradually educate people is to provide more definite information, more annual reports, any advertising to be strictly factual. I think we're barking up the wrong tree if we think an extra \$5 million or \$10 million of advertising is going to cure public misconceptions about the trust fund. It might be good for the advertising industry, and maybe they need a bit of a boost. But if that's the situation, let's look at it that way and not in terms of really coming to grips with public misconceptions about the fund.

So I would say that if we had all kinds of money and the economy was booming along and we had \$60 billion from the energy agreement instead of what will be somewhat less than that, maybe so. But as I look at 8, 9, and 10 I think we should, if I can be permitted to say so, approach it with a very conservative view.

MR. HYLAND: Mr. Chairman, when Mr. Notley tells us to approach something with a very conservative view, I . . .

I think Mr. Notley made some good points and tied in that there is a common thread in the three recommendations. What concerns me is that there are different forms of advertising too, and some of them aren't as expensive as others. As I said, one of the forms of communication is the work we as members of the Assembly do. Some people can look at a balance sheet and get a great deal of information out of it; some people can look at it, and it looks just like a bunch of numbers. There's got to be some form of communication that can meet that common goal of the need to inform the general public and I don't think we have to look at spending millions and millions of dollars at it. Maybe we have to re-examine the communications we are carrying on now with it and see if there's some way to change them to fit this recommendation.

MR. CHAIRMAN: Mr. Hyland, would you proceed, then, to introduce Recommendation No. 9.

MR. HYLAND: Recommendation No. 9 is that information be provided to the public of Alberta which makes it clear that the Alberta Heritage Savings Trust Fund does not secure income from a tax on gasoline or from lotteries.

I think that's self-explanatory. Anything more that could be said was said relating to the other motion, I think.

MR. MARTIN: I understand the intent of what Mr. Hyland is bringing up. Again we're talking about a confusion of what the heritage trust fund is and what it isn't. But if we start this sort of advertising, where does it stop? Maybe in the next one, we'll have to say it does not come from the Conservative Party, it does not come from the federal Liberals. If we're going to have to explain all the places that it . . .

MR. NOTLEY: It certainly won't come from the NDP.

MR. MARTIN: If we're going to start to explain to people all the places it doesn't come from, I think we're into a very expensive advertising campaign, because I've heard of other places that people think it comes from too. I think it's one thing to give information about the trust fund as factually as you can — and there still would be confusion; I think we all would agree with that. But I really hesitate to get into spending money on telling people where the Alberta Heritage Savings Trust Fund doesn't come from, because I think the list is endless.

MR. HYLAND: I don't specifically say that it should be advertised. I suggest that information should be provided, and I think it could be provided along with other general information about the fund. I don't think it would cost any extra money to do that.

MR. CHAIRMAN: Fine. Mr. Notley, would you proceed with the introduction of Recommendation No. 10.

MR. NOTLEY: Inasmuch as the committee recommended in 1981 that a factual summary brochure of the annual report be distributed to Alberta households, A2, and inasmuch as \$867,000 was expended for mood advertising instead, the committee recommends that all publicly funded information campaigns be strictly factual in nature and should not be designed to further partisan political goals.

Setting aside the gentle little observation there in the last three words, the only comment I make in addition to the observation I made on Mr. Hyland's proposals is that I think we should get away from mood advertising, period, especially when we've got a restraint program in place, and just have strictly factual advertising, if there is any advertising at all. I would just say to members of the committee, though, that frankly I think the advertising budget for the government, period, but the trust fund in particular, should be very, very low this year. We have other priorities that are a good deal more important than advertising.

MR. THOMPSON: Mr. Chairman, there is no doubt that the heritage trust fund has been identified with the Conservative Party. It was one of our inventions, so to speak. I've sat in the Legislature hour after hour and heard the opposition curse it up and down, so there's no way that you can more or less keep the heritage trust fund concept from being identified with a political party. Therefore any advertising, even the financial statement to some extent, with the little logo and all, is political advertising. But I do think that people are entitled to have some idea of what the fund is doing and how it's doing it. To say, let's just forget the advertising, I have problems with that.

MR. MARTIN: I agreed there might need to be factual advertising, John. But surely the ads — you saw them as well as I — were mood advertising? Mood advertising is meant to

sell things. It sells all sorts of things, from soap to politicians. If the PCs want to take the heritage fund and pay for it and mood advertising, that's their right. But what we're talking about here is taxpayers' money and, when you talk to any PR person, mood advertising is set up for one reason only. It's not to give factual information. I could have taken those TV ads and given a lot more information to people. It was meant to make them feel good about the heritage trust fund.

There is a difference, a clear difference, and it would be true of the federal Liberals; they do the same thing all the time. I remember they gave us the geese flying, and how wonderful it was that you were a federal Liberal. But the purpose was the same. I think we have to recognize that it's legitimate advertising. I agree the government's going to get credit — or discredit, if you want to put it that way — for the heritage trust fund. But surely when we're spending the taxpayers' money, it should not be for mood advertising. As I said, if the PCs want to take it out and do mood advertising, that's their right at any time, but surely not with taxpayers' money.

MR. ALEXANDER: Just a short point. I suppose it's a bit facetious to raise the point as to whether the public has a right to be in a good mood. But I just would ask, because I'm not sure what this means . . . I tend to agree with this, frankly, but I'm not clear on what "mood advertising" is. Maybe the proposer might just explain in his wrap-up what he means by "mood advertising", because I think I agree. But I'm not sure what it is.

MR. CHAIRMAN: I'm a CPR man.

MR. NOTLEY: A good example, Mr. Alexander, would be the young New Democrat who was conned into being the person who was so happy about his new home; then wrote me a little note afterwards and said, oh, how did I ever get into this? But I admire the advertising agency, because they got somebody from the opposition. So I think you people really deserve full marks for that.

Another one was the young farmer just coming off the back forty, you know: ADC got me started. I think what factual information . . . Let me just use that young farmer one, because it relates much more relevantly to my constituency. We were talking about the ADC. What would have been useful in that ad would have been the range of programs, simply put, and the telephone number: for further information, phone such and such. But unfortunately there was no telephone number. What there was was this picture of a happy young farmer who was feeling good about the trust fund. That's what mood advertising is; it creates the mood of feeling good. And fair enough, if someone else is paying for it.

But I think at this time, when we presumably should be looking at how we count our public dollars, I really wonder whether that kind of advertising is wise. What we're saying is that if there is going to be any advertising campaign, it should be strictly educational and informational, and that at least includes a telephone number for the local ADC branch or whatever it may be.

MR. CHAIRMAN: Mr. Martin, would you introduce Recommendation No. 11.

MR. MARTIN: Given the evident and continuing public interest in the management of the Heritage Savings Trust Fund, given the current harsh economic realities that Alberta must face, and given that seven years have elapsed since the creation of the fund, the committee should hold public hearings in 1984 to provide Albertans with an opportunity to express their views on the fund and to raise public awareness regarding the fund.

Mr. Chairman, I think this might fall into some of the things that we've been talking about, because many members have indicated that there is confusion about the trust fund, about the investments, and about where it comes from. It seems to me that's one avenue. It would be two-way if had public hearings. At least there would be some

opportunity to explain to the public. The media — as they did with workers' compensation — would follow us around. That information would be free advertising about the trust fund, if you like; that would be one part of it. People could come, and they would get a little better idea about what the trust fund is all about.

The second, frankly, is that we might all agree that not all wisdom emanates from this building. Sometimes when you go out for public hearings, you get many good ideas from the public about things that we haven't thought about that might be valuable to us as a committee and to the Legislature. So I would see this as being a necessity, in a democratic society again, for us to give them the information about the heritage trust fund, information that Mr. Hyland is worried about getting distorted; secondly, a chance for people to give feedback to members of the committee. This is probably impractical to do every year. But it has been seven years now since the trust fund was set up, and with the new economic realities that we've faced in Alberta in the last year or two, it might be a good time to have public hearings.

MR. KROEGER: I find that a very interesting approach, Mr. Chairman, and really don't even have any objection to it. As a matter of fact, during the last election I had these public hearings at various forums and meetings that we had. The challenge, I suppose, would be whose version of what the heritage trust fund does would be put out of these public hearings. I guess you would have to be a little selective in deciding who would be at these hearings; that is, from the dispensing side. It lends itself to some real debate, I would think. It might confuse people a bit unless it were very carefully structured. So I would wonder how you would set it up.

MR. HYLAND: Just to pick up on the comment Mr. Martin made about the wisdom emanating from this building, I would draw to his attention that five members on this committee don't have offices inside this building. So some wisdom may emanate from elsewhere.

MR. MUSGREAVE: This is a continuing suggestion. I have difficulties with it, and I also have some positive . . . I was going to say having suffered, but let's say having experienced a series of public hearings throughout the province when I was a lone person on the committee that had a divergent point of view from the remainder of the committee, I am not so sure that we did hear from the public particularly when it was obvious that some of the attendees at these hearings were there at the urging of civil servants. Quite often their message was the same whether it was in Peace River or Calgary.

Having said that, I hark back to the fact that since I came here, the allowances that have been made available to members of the Legislature to communicate with their constituents have increased substantially. There are better communication facilities available, other than just our allowances, that allow us to communicate with our constituents. If you really believe in the democratic system, you don't make your decisions based on public hearings and news media reaction to them; you make your decisions based on what you as a politician formulate as a policy as part of a party — come into this House and debate the issues, make the laws and go from there. If you follow the British parliamentary system, you don't go the American route and have these onerous public hearings at which everybody under the sun gives their opinions about sundry topics. Quite frequently they really don't care what the subject is, just as long as they get public exposure.

Being a politician, Mr. Chairman, I could see holding public hearings, say, here in the city of Edmonton and the city of Calgary, to see what kind of response we get from other than the academic community or maybe the investment community, and just to see how interested the citizens of Alberta are in this fund: how it is being handled, and what directions it should take. But I think that to have a series of hearings throughout the

province would be an expense we shouldn't incur at this time and would indicate to me that perhaps MLAs aren't doing their job throughout the province as they should be.

MR. NOTLEY: Mr. Chairman, we've had this debate before. I am pleased that Mr. Musgreave has gone as far as opening the door to a couple of public hearings, in his mind. That's certainly a massive step forward.

Let me just say to members of the committee that in the fall of 1980, I held public hearings around the province. We received a large number of submissions from various individuals and groups, some of them obviously associated with the party that I lead but many from just the average people who came in. We found it was a very useful and important exercise. I guess you can take Mr. Musgreave's Bristol approach to parliament and say: I'm here to give my advice, not to follow the public will. In a democratic society — and this is getting very philosophical, I suppose — it's a blend of both. On something as important as the trust fund, I genuinely feel that everyone would benefit from the process of public hearings.

It is not as if this is a totally radical departure from our normal course. We have the workers' compensation select committee holding public hearings all over the place. I happened to sit on that committee during the last Legislature and, frankly, I think the public hearings were by and large very good. Sure there was repetition. Some of the briefs were not good. If you have public hearings, some are going to be excellent and some are going to be terrible. But frankly I found the process to be very useful. As a matter of fact, looking back on it, I think the process of public hearings is probably more useful in determining our views on what should be done than some of the trips the committee took, to be absolutely brutally honest about it.

We are now dealing with a different situation. The trust fund is not going to grow nearly as fast; we have to make choices. I honestly believe that through a committee of this kind, the Executive Council, and the other parties in the process in this province, the government caucus would benefit by a series of properly held hearings. Now that doesn't mean that individual members are not going to get feedback from their constituents; we do all the time. But we are talking about the process where we as a committee answerable to this Legislature hold hearings and get submissions from across the province.

I hope members will consider the merits of this. It could be educational in terms of providing information. I am not as worried as Mr. Kroeger is. I think that when we hold hearings, no one is going to counter the basics of the trust fund, the basic elements of the information contained in this book. We're not going to have a shouting match among members of the committee at a public hearing over what the trust fund is or isn't. The basic information is there. I think it could go some distance to meeting the criteria of what the trust fund is, as well as allowing us to take stock of where we're going and where we might go in the future.

MR. NELSON: Mr. Chairman, I would like to get in here. I've been kind of biting my tongue this morning, along with Mr. Alexander. I don't want to heat this thing up too much, but at the same time . . .

Public hearings can be of some value, I guess, in certain respects. Like Mr. Musgreave, a previous member of the city council of Calgary — I'm sure he has been through many public hearings, and in many cases they are disastrous. Much of the information that's supplied at public hearings becomes so repetitive that it becomes of little value. A public hearing of this nature is, in my opinion, not warranted.

I guess my approach to the issue of a public hearing on the Heritage Savings Trust Fund is that I spend a lot of time in my communities in my constituency, and maybe more of the members should do the same, especially in light of the fact they apparently had the majority of the public there vote for them in the last election, otherwise they might not be here. If we stay in our communities a little more and possibly listen to the quiet

majority, I think you'll learn a lot. Too often we stand around and listen to the noisy minority groups about all their beefs, instead of listening to some of the positive input from the positive majority of our neighbors. In so doing, I think we also make their decisions.

Certainly there are a lot smarter people out in the communities and in the business community as well as the residential — mothers and various other people — than possibly some of us are here. At the same time, I think if we go into the community with an ear and listen to some of the concerns and input that's available to us from those people, I think not only will we learn but we'll become better legislators for it. So to have public hearings on the Heritage Savings Trust Fund, which most people probably don't totally understand anyway, although they are apparently learning through the mood advertising that's going on, if that's what you want to call it — unfortunately I don't have much time to watch TV, because I'm kind of busy working in my communities and also as a business person, looking after that. I don't have time to sit around and just watch the TV.

MR. R. MOORE: And get in the mood?

MR. NELSON: And get into the mood, yes — sit around and watch TV and develop debates for the House. If I were to try to develop debates through watching the TV and reading newspapers, I would have some difficulty.

Mr. Chairman, I would suggest that the majority of the people in the communities are good people, and they certainly do have valuable input. Certainly we should listen to our quiet majorities out there and not worry too much about things of this nature, where the input may not be of total value anyway.

MR. MARTIN: That's very interesting. Mr. Nelson told me before how glad he was, when he was a city council member, that people came to express their views, and that he liked to listen. We've been having discussions about workers' compensation, the value of public hearings. I thought he was a firm believer in public hearings. I'm a little surprised by the reaction.

But I would come back to Mr. Kroeger's asking who would be on it. I would see this particular committee — I think that's explicit that the committee hold public hearings. The point we're trying to make is that certainly as MLAs we all hear various things. We hear various things that people would like to see done with the heritage trust fund, just as we have in workers' compensation.

Certainly in the workers' compensation hearings — that's the one I've been involved with, and I thought it was fairly common that we thought it was a worth-while experience; it certainly has been for me — there's been repetition, but that's part of the democratic process. People are lobbying, presenting their points of view. I've learned things from many of those presentations, and I thought it had been a valuable experience, at least it was for me. And I think the participants saw the need for it. Obviously we wouldn't be into workers' compensation hearings if a certain group in the society — let's face it, it's mainly business who are concerned and were lobbying the minister. That's why we're into public hearings.

I think there is some concern — I've heard it from members here — that people don't understand the heritage trust fund and that often people distort what it's about. So it seems to me that if public hearings are good for workers' compensation, why is it we're so afraid to have them for the heritage trust fund? Obviously if we come back with recommendations from there, we don't have to take what everybody says. You get a mixture of things from those hearings. There may be some good ideas, but it's a two-way dialogue in a democracy. Surely that's not going to hurt anybody. Any laws that pass will have to go through this Legislature, and the government certainly has control of those numbers. I wonder why we're so frightened about it. It seems to me to be a legitimate process.

I said that we shouldn't do it every year, but it's been seven years since this was brought in. The economic times have changed. To give people a chance to discuss whether it should be for savings or diversification and give some ideas we might be able to pursue, I think is a valid political exercise to go into at this specific time. If Mr. Musgreave wants to say only two to begin with, well we'll take the two. I'm sure he will find there is a demand and that other parts of the province might want to express their views. I can't see what the harangue is about. Because we're asking for public hearings, somehow all we are doing is sitting around watching television and not doing our MLA role. I think it's totally inappropriate to the discussion.

MR. CHAIRMAN: Mrs. Cripps is not here with us this morning because today marks the 25th anniversary of her marriage, which is a rather significant day in her life. But she did pass a note to me that she will be here this afternoon. My suggestion is that we should just hold Recommendation No. 12. When she returns this afternoon, she can introduce it at that time.

So we will now proceed to Recommendation 13.

MR. R. MOORE: Mr. Chairman, Recommendation No. 13 states that the Provincial Treasurer and the investment committee of the Alberta Heritage Savings Trust Fund explore innovative ways in which to make funds from the Alberta Heritage Savings Trust Fund available to assist Alberta in participating in strengthening and diversifying the province's two renewable base industries, agriculture and forestry.

In this particular recommendation, we're looking at our two renewable base industries, which will be here for the many years in the future that Alberta exists. We should be exploring ways and using heritage trust fund money to strengthen the future of those two industries. We have it in the Farming for the Future. That is a very good example of it being used in this way. But we'd like to look more at the secondary industries in both those industries, the processing end of it that we need to strengthen and develop if our economy is to remain vibrant long after the petroleum industry is probably in third place. I think if we're looking at the future of Alberta — and that was the idea of the heritage trust fund, to look after future generations — this is one area we should strongly support.

MR. THOMPSON: Mr. Chairman, I more or less agree with the recommendation. The only problem I have is that I think we are at the present time exploring in innovative ways to make the fund work. So I would like to just see the words "continue to explore", because I think we're doing it at present and I think we should do it in the future. So from that point of view, with those words added, I would agree with the recommendation.

MR. R. MOORE: I would agree with that change. I'd just like to see it — maybe continue and expanded would be the wording. Definitely continue, but to project it with a little more vigorous thrust in the future.

MR. CHAIRMAN: Okay. Recommendation 14 is to be presented by Mr. Nelson.

MR. THOMPSON: On behalf of Mr. Nelson — and without defending the recommendation — I want to read it into the record: that the Auditor General have audit responsibilities for Vencap Equities Ltd.

MR. ALEXANDER: I agree.

MR. CHAIRMAN: Perhaps we could move to . . .

MR. NOTLEY: Perhaps we could even agree to it here.

MR. THOMPSON: I have reservations, personally.

MR. CHAIRMAN: Did you want to make comments now or wait?

MR. THOMPSON: I really would like to wait until Stan is here to defend his position.

MR. CHAIRMAN: Then I trust you would also want to read Recommendation 15 into the record?

MR. THOMPSON: Correct. I don't know if I can read that without my glasses.

Recommendation 15 is that with respect to projects funded by the Alberta Heritage Savings Trust Fund, the standing committee recommends its support of Recommendation No. 46, pages 56-57, in the report of the Auditor General for the year ended March 31, 1982, to the Provincial Treasurer and the investment committee of the Alberta Heritage Savings Trust Fund. The Auditor General's recommendation is as follows:

It is recommended that, in the interests of improved accountability to the Legislative Assembly and more effective budgetary control, appropriation bills should be supported by more extensive financial information on major capital expenditure projects. This information should include, inter alia, details of the original estimated costs and scope of each project, cost and scope revisions, costs incurred to the end of the previous fiscal year, current year cost forecast, amounts to be appropriated for costs to be incurred in the next fiscal year, estimated future year costs to completion, estimated impact of monetary inflation on past, current and future costs in relation to the original cost forecast, and the total estimated cost for each project.

(This recommendation should not be interpreted as suggesting that the Legislative Assembly should approve other than the next fiscal year's expenditures on these projects.)

MR. MARTIN: Just on a point of procedure. When we come back to vote, are we just voting, then? Is this the debate now, or is it open again for debate tomorrow?

MR. CHAIRMAN: No. We hope that Mr. Nelson will return this afternoon, and I think we'll ask him to explain both of them so that we have that. And in fact if they're not here today, the intent would be that on the 17th, the first order of business would be to ask for the explanation of these things.

MR. MARTIN: When we do come back, we'll just be voting? Is that . . .

MR. CHAIRMAN: If there's no opportunity today for any discussion or debate on it.

MR. MARTIN: I meant on the ones we've gone through already. We'll just vote, then?

MR. CHAIRMAN: No, there would still be an opportunity for further discussion.
No. 16, Mr. Musgreave.

MR. MUSGREAVE: No. 16 is that the standing committee recommend the establishment of a review committee of international stature to review the progress of the Heritage Savings Trust Fund, similar to the 10-year program review of the Alberta heritage medical foundation. The purpose of this review should be to seek recommendations on

how the fund would be used to help stimulate Alberta's economy and provide some new directions for diversification of the economy. Also this review should indicate any areas in which a change of direction in investment would ensure the future growth and viability of the fund.

Mr. Chairman, I bring this forward for the committee's reaction more than as a recommendation. I have often thought — and this stems from when the opposition, when Mr. Clark was the leader, had a study prepared by a group of people from the Harvard University area of Massachusetts. I thought it had some rather interesting recommendations from an impartial, outsider's point of view. My feeling is that while the fund is not growing like we had anticipated, it's still a substantial amount of money. And I realize that in terms of the capital market of Canada, it's fairly small: something in the range of 3 to 4 per cent. Mr. Alexander would probably be better informed on that than I am.

But I think the basic idea of the fund is excellent, and I think it wouldn't hurt to take a periodic review of where it's going and to have this done by what you might call experts in the financial field. We don't have to accept their advice and recommendations. But I think in the interests of the direction of the fund, it would be interesting to look at.

MR. NOTLEY: I'm inclined to support this recommendation, but as a complementary recommendation to the role of public hearings. I think that as we review the trust fund and the role of the trust fund, in addition to getting the advice from a panel of international experts — and that's useful — if we complement that by having some access to the opinions of Albertans, it seems to me we would be in a good position to evaluate the trust fund in a sound way. So my inclination is that the idea does have some merit.

MR. R. MOORE: Mr. Chairman, I think the idea is good, but isn't that just what our role is, to act as that review committee? I know we don't rank up there with Harvard, but that is our job and we're asking to relegate it to another group. That's just a comment.

MR. THOMPSON: Mr. Chairman, the concept of the Heritage Savings Trust Fund is somewhat unique, and I really think that this international group would have — I don't know how qualified they are. If they use just straight business considerations or that, I follow Mr. Moore and think that that is the job of our committee to evaluate. I would like Mr. Musgreave to expand on who would be on an international committee. Would it be from Sweden, the United States, or where would they come from?

MR. MUSGREAVE: To answer that question, Mr. Chairman, I would show my biases. I wouldn't want them from other than the United States and/or Great Britain.

MR. CHAIRMAN: Are there any additional comments that you would like to make on 16 at this time, Mr. Musgreave?

MR. MUSGREAVE: I would like to think more about it, and what I want to do is review the terms of reference for the Alberta heritage medical foundation's built-in review.

While we may think the fund is unique to the province, I should point out that the province of Saskatchewan has a heritage trust fund. I think it has approximately \$2 billion in it. I understand Saudi Arabia has about \$200 billion in its heritage savings trust fund. Both jurisdictions have funds similar to this that are supposed to be looking after the future of their particular jurisdictions.

MR. CHAIRMAN: Mr. Martin, Recommendation No. 17.

MR. MARTIN: That the committee urge the government to establish an economic council of Alberta for advice and input concerning long-term economic planning in the

province and the role of the Heritage Savings Trust Fund in such planning, and that the council be representative of all major economic interests in the province; for example, labor, farmers, business, native people, co-ops, et cetera.

If I may, this is not a new idea. Most industrial countries have economic councils. Because I see the Heritage Savings Trust Fund basically as our future in terms of any possible diversification in tax base, I see that what we should do — and it partly ties in with what Mr. Musgreave was talking about — is get the best minds around, if you like, that we can find from the business community, wherever they are. We will get them in to be staff co-ordinators, and then they will form a group with various economic components across the province and act as advisers. They would have no power other than an advisory board to the government. In this way, I think it would solve some of the problems Mr. Musgreave was talking about. It's a little broader scope than what he's talking about, but I think the purpose is the same.

We are going to have to make some very wise decisions in the next 10 years, to determine what Alberta is going to be like in 20 or 25 years. While the Legislature has an important role to play — and they will always play this role — we see the need for an economic council to advise the government. The government will then have to make the decisions in this Legislature about the direction they want the Heritage Savings Trust Fund or any other economic development to go. But we think it's extremely important. They're doing it in Japan and in many countries in western Europe. They're even doing it in Ontario. That may not be the best example, but they do have a council there.

We think it's important that we do this. I want to underline that we're not taking any power away from the Legislature. This would be an advisory board of, as I said, a staff of the best minds around that we could get, plus various economic components, to advise the government. Then the government, of course, would have to come to the Legislature. They may reject some of their ideas; they may accept some. That would be up to the government.

MR. CHAIRMAN: Mr. Martin, would you introduce proposal No. 18.

MR. MARTIN: This is just in terms of the format. I'll read it in first: that the committee recommend that the Alberta Heritage Savings Trust Fund Act be amended to require prior legislative appropriation before any investment decision is implemented by the investment committee, in the same way that such prior legislative appropriation is required for investments of the Saskatchewan Heritage Fund.

The purpose in bringing this, to come back to what I was saying, is to enhance the role of the Legislature. Many of the decisions are made by Executive Council, and then we look at them after the fact. Many people might argue that they need this time to do this behind closed doors, but there are examples of the heritage savings trust fund in Saskatchewan. It's not as big as ours, but it seems to work relatively well. I think there's an important principle here, of the Legislature having the right to control the purse strings. In that case, if they came here, they may need 15 per cent this year, or the government may decide that they need 18 per cent, but they can get that through the Legislature. And frankly, that's where public business should appropriately be done in our parliamentary system — bring all of this information to the Legislature, and we will pass it through the Legislature and investments can go from there — not the other way around. I think it's a very important principle.

MR. CHAIRMAN: Mr. Notley, would you then proceed to introduce proposal No. 19.

MR. NOTLEY: Inasmuch as the decision to allocate 15 per cent rather than 30 per cent of the non-renewable resource revenues to the fund will make diversification of the Alberta economy more difficult, the committee recommends that the Alberta Heritage Savings Trust Fund be amended to clarify that diversification of the Alberta economy is

a primary objective of the fund and the major criterion for investments from the Alberta investment division.

Mr. Chairman, several years ago the then Official Opposition had quite an excellent consulting report prepared, as a matter of fact, apropos of Mr. Musgreave's remarks about experts. They brought in a consulting firm from New York. One of the observations that report made was that we were attempting to do two things in the trust fund, saving money and diversify the economy, and we really weren't doing the best job of either.

I have always felt that the major argument for a trust fund is not simply to save money — money can very rapidly depreciate, as we've seen in the last few years — but rather to develop a diversified economy which will give a tax base which will provide jobs, et cetera. I know that this is perhaps a philosophical matter, but I think it's one of the issues my colleague and I feel very strongly about, so the proposal is before the committee.

MR. MUSGREAVE: I just want to make the comment that I can sort of agree with what the recommendation is here. Politically we faced a very difficult situation in the province, in that many people were hurting severely, financially — in danger of losing their homes and things of this nature. It's pretty hard to rationalize to someone who is going to lose their home that we have to save for the future. To them, with a nuclear holocaust hanging over our heads, they may with quite good reason say, how do you know where that future's going to be?

I regretted that we had to do that because, as you may recall, at one time we were debating in the Legislature that not only should the 30 per cent go in but also surplus funds we had left over each year should have been reinvested instead of just staying in general revenues. So it's a struggle as to (a) how much money you put in, and (b) where it is to be primarily directed. As the hon. Leader of the Opposition said, this was brought out in this report he referred to. From that point of view, frankly I couldn't support this recommendation; on the other hand, I couldn't vote against it. That's the position I find myself in. I feel it has some merit, but I can't support part of it because you have to be pragmatic and face the realities of life.

MR. ANDERSON: Mr. Chairman, I feel much the same as Mr. Musgreave on this particular issue. I believe very much in the policy of diversification and having it as a component of the fund. However, I think just the last year has shown us that the savings aspect of the fund, which is of course inherent in the name — and I suggested it would be incumbent on us to change if we in fact accepted diversification rather than savings as the objective — is crucial. If we hadn't had the funds available, I think many Albertans, hundreds of thousands, would not have had the benefit they've received. Worse, probably a good number of them would have been in grave difficulty.

More directly to us, I suppose, we as a government would have had more difficulty as a Legislature in dealing with the economic problems that were faced by that sudden drop in oil prices and all the program difficulties that caused.

So while I strongly support diversification and think it has to be the prime thrust of government, I don't think it can be the prime thrust of the Heritage Savings Trust Fund. We do have to have that savings dimension and, frankly, I think it has to take precedence over it. So unless Mr. Notley can convince me differently, I'd be inclined to vote against this particular motion.

MR. MARTIN: I think we all see the need for diversification, but I think we're going to have to lay it down much clearer. If we don't use this Heritage Savings Trust Fund as a tool for diversification, I hesitate to see what our economic future will be like down the line. It's all right to say we'll have it as a savings account, but we already know that in tough times we've taken \$2 billion out of the trust fund. If we inevitably have to do that

to balance the books on our general revenues, and we have no control over the price of oil and that keeps going down, we will not have a Heritage Savings Trust Fund very far into the future no matter how well we save, because we have ongoing expenses.

As I see it, basically the only hope is for us to diversify the economy so that we have a tax base in the future so that we can balance our budget and put people back to work. It ties in with the thrust of what we're talking about. It ties in with the economic council of Alberta. We have to get the best minds possible. We have to decide, first of all, what kind of Alberta we want in the future. Bigger is not always necessarily better. It ties in with Mr. Moore's idea of looking into renewable resources. But if we don't do something now, this whole debate may be hypothetical down the way.

We're not saying, go out and spend it all. All we're saying is that it be the primary objective of the fund. So that gives a different focus to the fund, and the people responsible for it would immediately have to begin looking at ways of diversifying this economy. To me, if we do not diversify the economy, in the future there's going to be nothing left here but potholes. We're going to face very serious economic times, and the savings account will not turn that around. Once it starts to go, \$12 billion can disappear rather quickly.

All we're saying is that while we have a chance, the primary goal should be diversification. That ties in with a lot of the things that even members here have been talking about. That's what we're saying.

MR. NOTLEY: In 1959, Mr. Chairman, the major issue in the election that year was what to do with the surplus. There was a \$600 million surplus. It wasn't called anything as grandiose as a heritage savings trust fund; it was a consolidated cash surplus. But it became the centrepiece of that election, because we thought that was a lot of money at the time and, in the context of those years, it was. But in the '60s, when we had a slowdown in the economy, in a matter of four or five years deficits had eaten that money up entirely. The point is that however much money we think we have, if it's just used as a savings account, the downturn in the economy can very quickly deplete that.

The point that we are making, and have attempted to make over the last few years, is that what won't be depleted is a broader tax base; what won't be depleted is a more diversified economy. I know it's convenient — it was very convenient for the government last year to be able to draw on the fund for some of the programs that came into effect. But the question is, is that going to be short-term gain for long-term pain? Because we aren't going to have the tax base which we need 10 years down the road. The major proposals that we've already discussed or will be discussing later — the two proposals that Mr. Moore made, for example. If you're going to be getting into major thrusts in the agricultural and forestry industries, that's going to take large amounts of capital.

So we simply come back to the point that, in our view, diversification has to be the primary objective. I don't disagree with Mr. Anderson at all. If diversification becomes a primary objective of the fund, then in fact you turn a Heritage Savings Trust Fund into an Alberta development fund. I think you would have to sort of rename it. Fair enough. But the question is, what are we going to do with this temporary period in our history — and it is temporary — when we have this surplus? How are we going to deal with it? Is it simply going to be a savings account, or is it going to be used as a means of force-feeding? I say "force-feeding" deliberately; there's no other way you can develop a diversified economy in a landlocked part of any continent, such as Alberta is, without a force-feeding approach. We're naive if we think otherwise. The question is: are we going to use this tool which we now have for a short period of time but won't have forever, any more than we had the consolidated cash surplus of the Manning days in the '50s forever?

MR. CHAIRMAN: I think, members of the committee, we might adjourn now and reconvene at two o'clock with Recommendation 20, although we may proceed with Mrs.

Cripps' recommendation if she's here and the explanation from Mr. Nelson if he's here.

[The meeting adjourned at noon]