

[Chairman: Mr. Martin]

[10 a.m.]

MR. CHAIRMAN: We'll get started. First of all, the minutes of the last meeting we had on June 1, 1983, have not been approved. I believe they have been distributed to members of Public Accounts. Would somebody move adoption?

It's been moved. Secunder? Any errors or omissions? Seeing none, all those who approve the previous minutes of June 1 please say aye. Opposed? Carried.

First of all, I would just explain what we are attempting to do today in the first Public Accounts we've had since June 1. You may recall that the choice of ministers to appear was the government's. The minister the government wanted to come in was the Minister of Economic Development, Mr. Planche. I've been in touch with his office. He had a problem, though. He could not get here till 10:30. I said, we will still take you at 10:30; we have some business ahead. So Mr. Planche will be here at 10:30.

In the meantime, you have had handed out to you the report to the Public Accounts Committee of the Legislature of Alberta regarding the recommendations of the report of the Auditor General of March 31. The letter was addressed to me. Just to tell you quickly, it says:

Dear Mr. Martin,

On behalf of Executive Council, I'm pleased to submit our response to the recommendations of the report of the Auditor General of March 31, 1982. Twenty copies are enclosed for distribution to your committee.

Yours sincerely,

Lou Hyndman

MLA, Edmonton Glenora

I've had more copies run off, so there should be at least one for each member. That will be sent around. Remember, we did have the first part of the discussion from the Auditor General — his report. This now is the response to that report by the Provincial Treasurer.

I think we will have time — I don't know, Mr. Rogers, if you've had time to look at the response of the Provincial Treasurer. Did you get the report before?

MR. ROGERS: Yes I did, Mr. Chairman. Generally, I'm very pleased with the responses. They're very positive. There will be several I will be commenting on in my next report, on the basis of the response and of additional audit work being carried out since the report.

MR. CHAIRMAN: We have 10 or 15 minutes, I just want to make a couple of announcements, and then maybe we can have a quick discussion today, if that would be all right.

The one other matter I want to raise while we have a chance is that opposition has passed on to me that whenever we are through with Mr. Planche, they would like the Minister of Public Works, Supply and Services, Mr. Chambers, to come. We don't know when; I'll have to set it tentatively. If we want Mr. Planche back, we'll have to decide that by the end of today. I guess I'm asking for approval. What has happened in the past is opposition, government, opposition. Would all people in favor of having Mr. Chambers here as the next minister in Public Accounts say aye. Opposed? Okay. I will go ahead and ask Mr. Chambers if he would come.

Are there any matters to be discussed?

MR. PAHL: Mr. Chairman, looking at the last transcript, I note that on the government side I think we had indicated an interest in the Minister of Economic Development and,

secondly, the Solicitor General. So in terms of your scheduling, you may want to contact both ministers. For my part and, I'm sure, my colleagues', we would have no particular problem with the order of appearance if it was a scheduling matter that you and those ministers would individually resolve.

The other point is that I appreciate that the Auditor General may have had a chance to look at the Provincial Treasurer's response, but I and other members of the committee haven't. So I would rather reserve that until we've at least had a chance to review them. I guess I'd ask the question of whether we could anticipate that we may want the Provincial Treasurer to perhaps supplement his report.

Those are the items of business I would perhaps anticipate, but I would be reluctant to enter into a one-sided discussion on the report if we haven't had a chance to really digest it.

MR. CHAIRMAN: What you say makes sense. I wish I knew how many days we were going to have in the fall session. What I could attempt to do is send letters — maybe you could help me with how many Wednesdays we're going to be here. I think that makes sense. If I can play my other hat, I don't think the opposition would have any objections to having the Treasurer come in. I think it's important to go over the recommendations, because we as a committee spent a fair amount of time on them.

Would it be acceptable to Public Accounts if we tried to work in the Solicitor General, the Minister of Public Works, Supply and Services, and the Treasurer to deal with his recommendations, in this fall session?

MR. PAHL: I suggest it in that order, Mr. Chairman. The only constraint I have is that we need a little bit of time between now and the Provincial Treasurer.

MR. CHAIRMAN: I would bear on the minister, if he hears anything about when we might be shutting down the session, to let me know that. I will attempt to organize that.

MR. PAHL: I'd be glad to make the same commitment, Mr. Chairman.

MR. CHAIRMAN: Thank you. Maybe we can work that out. Mr. Moore, you have some comments?

MR. R. MOORE: Basically I had the same concerns, Mr. Chairman. I just want to stress that we have the contact with the Solicitor General. Mr. Pahl has brought up a good idea, that the Provincial Treasurer also be on here because of his very extensive report, his recommendations. I concur with Mr. Pahl very much on it. When I look at the thickness of this, I don't know how we can discuss it effectively today when we've never seen the document before now. To be an effective discussion, we should have time to sort of go through and form our opinions.

MR. CHAIRMAN: Agreed. My only point was that today we had the report and a few minutes. If we wanted to talk generally to Mr. Rogers about it, that would be fine too.

MR. NELSON: Mr. Chairman, I too agree. This report probably should not be discussed today. I guess I'd like to know how long it's been ready for input.

I guess I just want to make a comment about governments, bureaucracies, and everything else. It seems to me that people anticipate that a politician should grab a report and all of sudden make decisions on it. I'm getting so sick and tired of it, that it upsets me to no end. It's about time people realized that to make reasonable decisions, we should have material placed in front of us a day or two ahead of time so we can absorb some of it and then come and discuss it. Until such time as that happens, there's no way you can discuss it — intelligently, at least.

MR. CHAIRMAN: I agree with you, Mr. Nelson. Just to put it into perspective, the letter was sent to me on October 20, with 20 copies. I've had Peggy run off the other 10 so we'd have one for each person on Monday. I agree with you, and my intention was not to discuss the report here, because we already had Mr. Planche coming in to begin with. But if there were just a few general comments people wanted to make, because we happen to have 15 minutes to kill — that's the bottom line — we would do that.

The other point I would make, though, is that I will try, if I can judge in the best way possible the last Wednesday we have in the fall session, to have a general discussion about the recommendations. Hopefully, that will give you at least two weeks to prepare for that.

There was an annual meeting of Public Accounts chairpeople in Toronto in July. Both Mr. Moore, as vice-chairman, and I were at that meeting. It is suggested that perhaps we could give a report. I don't have the material here with me, but I suppose in a general sense — the auditors general were meeting in another building across the way, but we got together on certain things.

About the meeting itself, for me as a total novice in Public Accounts I found they didn't overwork you at the meetings by any stretch of the imagination. I think Mr. Moore would agree with me about that. But I found that the meetings we had, the discussions with people about Public Accounts, and the purposes of Public Accounts interesting. Following that, I have tried to follow up on what I believe the Public Accounts Committee should do. After looking at some jurisdictions across Canada, and reading the book you had at the start of the session, I have made some recommendations. First of all, I have made them for comments to Mr. Rogers and to Mr. Moore, to whom I've sent copies. It wasn't something that we were attempting to do right away, but something that might be ongoing in terms of how Public Accounts might operate. At some point, I take it that they will get back to me on the report and see if there are any common grounds. We'll go from there.

Generally, the role of the committees across Canada varies. There was almost no common ground, if you like, between what Public Accounts committees are doing from one province to the other. But among the people there, among all political stripes, because we had them all — we had Liberals as the chairmen of public accounts. There's only one province that has a government member as a chairman of Public Accounts, and that's P.E.I. So we had Liberals in Ontario and in certain maritime provinces as the chairmen of Public Accounts. We had NDP people in Alberta and Saskatchewan, and we had Conservative people in Manitoba. Usually there was a vice-chairman along, who would be a government member. So there's quite a mixture of people.

I think it was fair to say that among that group generally, there was a perception that the Public Accounts committees, regardless of one's stripe, could be more effective in terms of acting as a watchdog over government spending. I think most people agreed it's not the role of the Public Accounts to be partisan. There's always going to be a certain amount of partisanship, but they try to work together. If you're debating government policy, that should be done in the Legislature. That's where you debate policy. The Public Accounts should not be there to determine government policy but to make sure the government is getting the best bang for the buck in terms of their policy, and that all members, regardless of their political stripe, should try to work together because they could be an effective watchdog, if you like, of government spending and be helpful to the government.

It seems to me that that was working better in some areas than others. It has to do with size; it has to do with what their perception of their role is on Public Accounts. But I guess a quick analysis is that, talking to people and going out socializing with Conservatives and Liberals, as I did — I won't go into that — among all political stripes, there was agreement on how Public Accounts committees should work.

Following from that, Mr. Minister, that's why I have given a report to both Mr. Moore

and Mr. Rogers before I announced it here. I thought it was only fair that they, as the vice-chairman and the Auditor General, have time to pick it apart and come back. If we could agree on something generally about making the committee more effective, then we would come back with a report to the Public Accounts, probably in the spring.

With a quick analysis, I'd ask Mr. Moore or Mr. Rogers if they'd like to add anything more about the meetings that we held in Toronto.

MR. R. MOORE: Thank you, Mr. Chairman. You've given a very fair overview of it. Those there came from various political persuasions, as you indicated. But we certainly got an insight into the various operations and the areas that they were looking at and that they thought we should look at in Public Accounts. It's like any of these national conferences — they're nice to get the feedback, but I don't think we'll ever come to a consensus that we have a basic principle for all Public Accounts across Canada, for the main reason of what we said: political persuasions. We come from different political philosophies, and we won't come to an end set of principles that can be applied equally in all provinces, which would probably be nice when you look at unity — we should be the same across Canada in the treatment of these areas.

However, it was very, very, useful and a lot of ideas came out of it. As our chairman stated, he has made his recommendations, and we're looking at them. There are some very good points. Naturally, Ray, there are some that I take exception to, and that basically this is the process we're at. I'm sure that when the report comes before this committee, it will be a very good discussion paper and a starting point to coming up with a report that would be beneficial to the Public Accounts Committee and the purpose for which we sit here.

MR. CHAIRMAN: Did you want to make any comments?

MR. ROGERS: Mr. Chairman, just a few comments. The main reason that the auditors were together was that we meet annually. It goes by the grandiose name of Conference of Legislative Auditors, COLA. This has been a feature since 1973, when the legislative auditors in this country met for the first time. That was the first time from Confederation onwards.

It has proved to be very useful as a forum for the interchange of ideas, especially those relating to techniques and approaches to the work, to the mandates, and so on and so forth. One meeting, of the two and a half days, is with the chairmen and vice-chairmen of the various Public Accounts committees across the country. We have found that to be very useful, because this is the one committee that we all interface with and to which, in effect, we are responsible because this is a part of the accountability process.

I think that the annual joint meetings with the chairmen of the Public Accounts committees have helped us considerably to understand the requirements of those committees. As you said, Mr. Chairman, they vary right across the board, from very small committees of about 12 people, where the members in effect specialize in Public Accounts — the controls on expenditure and so on and so forth — and have a great number of meetings throughout the year and therefore cover the expenditure and revenue areas in great depth, to one committee that I don't think has met for many years. So you have a very broad spectrum.

We have found that the process of understanding the problems of Public Accounts committees, as expressed by the chairmen and vice-chairmen, and their understanding our problems and the limitations of the audit process, I think has led perhaps to a better understanding of what our reports are all about.

Mr. Chairman, I don't think I can go beyond that.

MR. CHAIRMAN: Thank you. I see that Mr. Planche has just come in.

MR. PAHL: I acknowledge the presence of Mr. Planche. I just wondered whether — Mr. Moore was kind enough to send me a copy of your recommendations. Would it be your intention to make them available to all committee members and perhaps, if time permits, to make them a subject of discussion after the other witnesses? Could we put it on a pending agenda?

MR. CHAIRMAN: I have no objections to it. The reason I gave it to the government member to do with what he . . . I'm not saying it's end-all and be-all; that's what we're looking for. If that's the proper way the government members would like to do it — have a discussion about Public Accounts — I'd be quite prepared to do that.

The only thing I'm trying to say is that in terms of the schedule we've already worked out, it may be difficult to do. If people wanted to put that down as the next item — again, I will speak for the opposition. Hopefully we could put that down following the Provincial Treasurer in terms of priority, if that's what people would like. I would ask your direction on that, Mr. Moore.

MR. R. MOORE: Mr. Chairman, I think that we should use it as a starting point. With your permission, I'll distribute it to the other members. I take it that you have probably taken that option to discuss it with the opposition members. Then we'll come back with a basis of discussion when we can work it in. I don't believe it takes priority over the Provincial Treasurer, though. I think it should be down the line and certainly one we should look at when time is available.

MR. CHAIRMAN: If I'm taking direction correctly, we would put this down as an item for a session perhaps after the Provincial Treasurer, whether that be this fall or next spring — if that seems to meet with approval. Agreed? I don't see any opposing, so we will move on.

We have our guest, the Minister of Economic Development, here. I know he's a busy man, so we will get right into it. Mr. Planche, I will just open it up. Thank you very much for taking time out of a busy schedule to come to our meeting. If you have any opening remarks and want to introduce your guests . . .

MR. PLANCHE: Thank you very much, Mr. Chairman. This is Terry Eliuk, from my department. I don't have any specific opening comments that I was prepared to make. We're here to answer whatever questions on any issues you think are relevant to our department's activities.

MR. CHAIRMAN: Thank you.

MR. WEISS: Mr. Chairman, it's very interesting to note that in the table of contents from the Auditor General, there are some 47 items and recommendations mentioned, and none pertains to the Department of Economic Development. Is this an indication that the Auditor General is completely satisfied that there is one hundred per cent accuracy in both reporting and accountant measures, and so forth? I'll leave that for the Auditor General to respond. I just happened to note it.

My question to the minister is, first of all — it's strange that I should ask this now, after this length of time, but it's been asked out in the general public. Really there are two ministers. We have a Minister of International Trade and a Minister of Economic Development, yet it's all under one department — the budget, the expenditures, and everything else. There are two deputy ministers, two components breakdown for the offices separately. I'm wondering if it is an overlap or if it's really a necessity to have the two departments; that the minister would respond and say, where is the fine line

where economic development differs from international trade? Specifically would the minister indicate what projects, which we as MLAs can carry back to our constituents, the Minister of Economic Development is working on? As a rural northern member, I'm interested in particular to know if there are any rural projects in the northern part of Alberta that may or may not be in the development process.

MR. PLANCHE: One of the delightful parts of this portfolio, Mr. Chairman, is that when people ask questions, they tend to be fairly comprehensive. I'm not just sure how you can handle a question in terms of: what do we do?

Let me start by indicating that the relationship between the Minister of International Trade and me extends back from the origination of the portfolio. At that time he was a Minister of State for . . . and the name has been shortened. Indeed we do respond to the same budget, and it's over my signature. My associate's responsibilities involve anything that is outside of the country that affects Alberta either coming or going. Clearly, one minister couldn't handle the amount of travel that he does and hope to concurrently sustain any kind of momentum in economic development within the province; there just isn't enough time.

The division in the department generally is split between strategic planning and transportation on the one side, and industrial activity specifically on the other; strategic planning being forward forecasting and all that goes with that, the transportation sector and all that goes with that. Then on the other side, which would be industrial planning, would be all activities relating to industrial activity; in specifics, in terms of encouraging it to come here, trying to establish what natural advantages we have, trying to remove the impediments to those.

The international trade sector comes under the business side. We both share the use of the strategic planning and transportation personnel. Then we have a treasury component, that does the financial handling for the activities we are involved in.

On the issue of what we have for the north, I'd like to put an overview on it in terms of: we don't do things for the north or the south or the central. We attempt to get them to the province, and then the decision as to where they will locate becomes the preference of the investor. We do concern ourselves with the north, though, on things like the Slave River dam project; the flow of water on the Mackenzie as it affects modules to get to the arctic; the issue of dredging and the cancellation of the barge system on the waterway, which you're familiar with; the encouragement of activities that revolve around servicing the mining of oil sands, which would affect you.

We are also involved in the Nutritive Processing Agreement and the extension of that with the federal government, which may or may not be peripheral to your activities. We are involved in putting some input into freshwater fish marketing, the anomaly of postage-stamp freight for fish for a fisherman: those kinds of activities would affect you. We sort of transcend everybody's department, because we're not a line department; we're a staff department. Anomalies that are an impediment to trade and to business seem to flow through the lines of all line departments. So generally we're involved in raking everybody's leaves. There has to be a certain amount of diplomacy involved. I don't know that I ever got full marks for diplomacy, Norm, but we do try to have a co-ordinated effort on behalf of business and in terms of business development.

MR. WEISS: The minister mentioned two particular items in reference to the rural north, and one is the freshwater fish marketing co-op agreement. I wonder if the minister would be able to — perhaps not take time of this Public Accounts Committee, but respond to give me an update on that particular status. Also, with regard to the Alberta North Agreement, is there anything further to report at this particular time?

MR. PLANCHE: On the Alberta North Agreement, Mr. Chairman, I have nothing to report at this time. On the freshwater fish marketing thing, though, I would like to make

a comment, if I may. That falls under the Minister of Public Lands and Wildlife's purview precisely. It just seemed to us an obvious anomaly that we take our fish from Alberta, move it to Winnipeg, freeze it, and bring it back to Alberta to sell it. Just at the outset, that doesn't make any sense to me. So as you get into it a little more, you find that there are pluses and minuses to it in that they buy all of the fish, even those that are not readily marketed, and pay for them. Typical of governmental activity — at the federal level at least, and I hope not so much at the provincial level — they don't always sell it, but they certainly do store it. So the building is getting bigger and bigger, and there are more and more fish in it; not a lot is happening at the exit end. In addition to that, they deduct the freight back from a common price at Winnipeg to where our fishermen catch it, so that the fishermen in Manitoba in fact get more per pound than the fishermen in Alberta for a common fish. That's further complicated by the quality of fish and the blending of fish to sell.

On balance, we think that the marketing board may be the best solution to the sale of rough fish that our northern fishermen catch, but certainly we're hanging in there on the issue of postage-stamp pricing. We believe that all fish caught in western Canada, if we have to continue with the system, should afford the fisherman the same per pound at his net. We're staying with that, and we hope to make some progress.

MR. R. MOORE: Mr. Minister, I notice that one of your major expenditures is the grain handling storage facility area; I presume that's Prince Rupert. I have two questions related to that. First of all, with our expenditure at that facility at Prince Rupert, where is it and how is it coming at the moment, and your views on it? The other one is, is there any other area in the grain handling storage that you are involved in other than Prince Rupert? Is that the total expenditure going into that area? From our agriculture sector are we just looking at the one area, or have we other areas coming into focus?

MR. PLANCHE: To start with the Rupert terminal, it is on schedule. I can't give you precise figures about the expenditures. I believe we're running about \$4 million over on one specific sector. We're optimistic, however, that when the completion comes, with some of the costs coming in lower than budget, in the completing end of the project we'll be about on budget and on schedule. It's to open in December of next year. That was a major expenditure for us and, I believe, the first time a province ever invested in another province for the good of all.

We think it was an important initiative because, clearly, we're still having difficulties with the infrastructure for freight in the port of Vancouver. This will give us a good alternate second. It's been a complicated process, because it's a further rail haul and a shorter vessel haul and because there was no upside in it for the owners of elevators, simply because it takes from what they would be handling in Vancouver. So it had to be incentivized in such a way that they get a return, and in order to facilitate that, our bonds are not commercial bonds. Half of them are performance bonds. The interest is paid on profits rather than a fixed rate of interest, so that there will be an advantage to the normal grain handlers supporting this facility. It's an enormous facility, and those on the ag. caucus committee who went out were just absolutely awed by the size of it.

We've been active, of course, in the Crow Rate issue, and I guess on that I could only give you some personal opinions. I think over time there has to be a variable rate. I don't think there is any possibility of our grain being internationally competitive unless we have unit trains, unless we quit storing and start selling. Our whole system of grain handling now is more or less one of storage. Sometimes it's in elevators and sometimes it's on wheels. That has to come, and we'll continue to work diligently from Economic Development's perspective on that issue, which will be contrary to the interest of people like the Alberta Wheat Pool, who are more interested in storing and elevating. We're going to stay with that.

Finally, the issue of paying the producers is of great concern to us, simply because

unless the producer is paid and unless the rail rate reflects a compensatory reality, then we are never going to get our meat packing industry or our grain crushing industry off the ground. The only way you can have a compensatory rate is to pay the producer.

MR. R. MOORE: A supplementary, Mr. Chairman, related to this same Prince Rupert deal, there's been a lot of concern ever since Prince Rupert was picked about the capacity of the railway to deliver there and to construct a facility so it would be in tune when that facility comes on stream, that they have the capacity to move the grain to that area. I know you're not involved in the transportation end of it, but you're involved in the end, and they must interrelate. To your knowledge, what is happening in that transportation link, that's very, very important to make that Prince Rupert thing operate?

MR. PLANCHE: On the contrary, we're totally involved in the transportation system. One of the reasons we were so adamant about being certain that Bill C-155 as a fall-back doesn't lose its position in Ottawa is that the railroads need to be funded in order to service that debt, to bring their tracks up to contemporary standards. Today the CNR is opening double tracking for 85 or 90 miles in the Jasper-Hinton area, which is presently moving some 10,000 trains a year. It's further complicated by the fact that the Rupert facility will include a coal port, and that coal from the Quintette and Bullmoose area of northeastern B.C. will go down the line as well. There's been a very great deal of work done by the CN on that line, and it's necessary of course that the CP has access so that people who haul on either line can arrive at Rupert at the same freight rate. We've been working on that and have it extended into western Saskatchewan already.

There are some soil problems. It's not good soil condition. There's a shifting soil condition part way between Red Pass junction and Rupert that needs to be handled. We're satisfied that the CN is aware and consciously working in concert with the freight demands as they come. We don't think at this time, if Bill C-155 passes, that there will be a constriction in terms of rail capacity to Rupert.

MR. R. MOORE: Can I have one more supplementary, Mr. Chairman? Mr. Minister, looking at the movement of grain, we have the provincial grain elevator terminals here in the province. Are you people involved in getting full utilization of that or in working out the problems of farmers utilizing those terminals in the movement of grain out of here?

MR. PLANCHE: Yes we are. We're doing some considerable work as a prototype on the Lethbridge elevator, with incentives for the small grain companies to use that elevator as a repository. We've done some subsidization on the in costs, because clearly anybody who is going to use that elevator and deal through a small grain buyer is going to have to haul farther than he is to the traditional seven mile spaced elevators on the track system. We'll see how that goes. There are some serious interrelationship problems with the Canadian Wheat Board, depending on what we do with those elevators, and we don't want to use them as an interference in the private grain trade. We want to use them to aid and abet, the bottom line being to maximize profits to our growers. So we are looking at that.

We have now established barley futures on the Winnipeg market that respond to truck quantities at those three elevators, where the futures market for barley used to be rail car quantities at the Lakehead, which we don't think are relevant anymore to the feeding issue within the province. We had an accommodation from the Wheat Board to allow us to use those three large elevators as repositories against future contracts, so they accommodated us in that regard. We have some more work to do.

MR. PAPROSKI: First of all, I'd like to state that I believe strongly that the Department of Economic Development is so vital and so crucial to our future in this province. I



welcome the opportunity to ask questions to either the minister or Mr. Eliuk. My first question deals with page 103 of the government estimates, and it deals with a figure of \$5,600,000 that's been allocated to the area of high technology. "High tech" is one of those 1980s buzz words, and I'd like to ask the minister to clarify what the department means by this specific term. Secondly, could he give some specifics as to how this money is being allocated and where it is going?

MR. PLANCHE: I don't have the page in front of me, but I think I can do it without it. I guess I'd rather answer the question about the money first and then work my way back to the high technology issue. The real problem is that these companies have no cash flow and, generally, have had no source of creative financing. We felt it was important in the case of these two companies to give them some support because of, on the one hand, their geographic location, which was Bassano; on the other hand, one that has done some just incredibly important things in the health care field, which was in Edmonton. We also thought it was important to do some hand carried creative financing, if you like, on the two of them, because we wanted to find out the difference between technology transfer in industry and technology transfer in health. So the funding was done in such a way that there is an R and D component, that's mandatory. Then part of the funding that was given to them was for the product development.

We've learned a lot of important things. I guess the first thing we've learned is that there are really three stages to the high technology development issue. The first one is the straight R and D. The R and D funds are often available, usually from governments at one level or another. Then there is the interminable stage where you try to develop a product in response to a market. The third stage is that the product is now responding to a market and needs to be developed. In that case, the private sector responds generally very well.

The two main differences are that in industry, the time frame for the second stage, which is the most difficult one, can be very short. In the case of the Bassano operation, they've had incredible success. They tend to have a voracious appetite for funds very quickly, and I'm not just sure how the public will respond to that. Part of it is beefing up our stock market here so you can have small issues to develop equity pools in a hurry.

The second issue, which is much more complex, is the health care issue because in that one, the second stage is predicated by regulatory bodies, and the pure Food and Drug Administration in the U.S., for instance, can delay that as much as 10 years. So the kind of financing that they would need simply isn't available from anyone other than governments, in my judgment. I simply don't see any investor who is prepared to have a 10-year wait on the come for that kind of a product. So what we're left with is either supporting Chembiomed, or things like Chembiomed, here or having the major pharmaceutical companies around the world simply buy them for nickels and dimes and move the talent and the technology out of here. That's an issue we're facing right now. The total technology transfer issue is the tricky issue.

On the issue of what we identify as high technology — I don't really think that's a very good word either, and there are a lot of buzz words around. I think forefront technology is probably better. We have some natural advantages here that I think are worth exploiting and supporting. The heritage fund medical research endowment has brought us very nearly 20 world-class biochemists. The activity over at the University of Alberta is awesome. If you were to take the time to go through on a tour, I think it would be well worth your while.

The areas would be communications development through the nucleus of fine scientists and engineers we have at AGT. I think we have begun in that area with Novatel, which is developing those cellular, portable telephones, and that plant that's under construction in Lethbridge now, or will be shortly. That should be a world-scale technology. So in communications, we have something to offer. Generally it comes from being involved in exploration for minerals and oil and gas in a hostile environment in the

north. Not only in terms of telephone, in radio communication, in remote sensing, and a lot of other things do we have an edge, we do very well in computers. Surprisingly enough, the geophysical component of our oil and gas industry was renowned worldwide, and with that came an amazing talent for receiving signals and unscrambling the static from signals so that you could recognize them. So we've done very well in that, and we will be furthering that. Those are three that come to mind right away: primarily, communications, computers, and health care. There are others.

We also have a mixed blessing in the fact that a lot of middle and upper management technicians are redundant with oil companies in the last 24 months. Rather than looking for jobs at either under their pay scales or that are an underchallenge to them, they have elected to go on their own. A lot of them — there's something in the order of 100 small companies in microelectronics, generally with the nucleus of those people who are in the province now. I think there are 60 or 70 of them who are exporting already. So venture capital is a very key component of that, as well as an attitude between the business sector and the university which we're working very hard to engender.

MR. PAPROSKI: I have one supplementary to the minister, and that is dealing with the requests that he and his department receives from Albertans with respect to obtaining financing and assistance. In the last short period of time, a year or two, I just wonder whether the phone is ringing off the wall. Do you notice a big swing for requests for government funds in this particular area?

MR. PLANCHE: Yes we do. We're trying to develop a science policy that will somehow or another make the government more accessible to these people who aren't familiar with governmental activities, to expose them to management, to somehow or another get a handle on the quality of their proposal, and to somehow or another facilitate investment — not just government handouts or government grants, but investment. There are people who are looking for investment. Vencap will help. Vencap's range of activities, though, will be predicated in terms of the lower end by the cost of assessing the concept. If it's a complex thing that they have to assess and it costs \$30,000 or \$40,000 to get a real handle on it, clearly the loan has to be big enough to justify that expense on the loan. So I presume they would look favorably on something that, in their judgment, would have an enormous requirement for money over time. But if it's small and doesn't have an ongoing requirement for money, it really isn't of a lot of interest to Vencap. So some work will have to be done in the lower range, and I think my colleague the Minister of Tourism and Small Business is working on that.

MR. R. MOORE: On a point of order, if I may. I understand that our committee is reviewing past operations. We're getting into Vencap and areas which I think should properly be in the Legislature and not before the Public Accounts Committee. It's nice to know what's going on and so on, but I think just on a point of order we should look at our first priority of looking at past expenditures.

MR. CHAIRMAN: Your point is well taken. I've generally allowed this to be fairly freewheeling. But on this specific point, I believe Vencap will be coming to the Legislature this fall session. So your point is well taken. You have a supplementary, Mr. Paproski?

MR. PAPROSKI: A last supplementary, Mr. Chairman, if I could. That deals with the individuals in your department that indeed do these assessments that are required in the past, and probably in the future. I just wonder what specific component in your department, what area of your department, does these assessments? Is there a group of five, 10, 12? Could you describe and explain that?

MR. PLANCHE: We tend to use consultants extensively, simply because most of these issues are sector-oriented and we don't have a complement of staff that covers a full range adequately. That decision is taken by the deputy minister or the assistant deputy minister in that specific. We also use extensively the opinions of the Alberta Research Council. If we can handle it, we do. Some of the more pedestrian, if you like, initiatives we can handle in-house, but on technical stuff we tend to extensive use of consultants.

MR. CLARK: Mr. Chairman, after our vice-chairman got done — I was going to ask a question on Vencap, but I don't know whether I dare do it now. The question was simply how, seeing as it's his responsibility, he saw Vencap helping the economic development of Alberta.

But I will make a supplementary question on grain handling, if I can, to the minister. One of our biggest problems on the farm is a lack of cash flow because we have to store the grain or we don't have enough quota. If you have a land payment to pay and you have to wait and store the grain . . . I think one of the disincentives that we have in our program is the fact that we actually pay the grain companies to store grain. In the United States, they pay the farmer to store grain and, as a result, their system moves. They don't have that incentive to build storage on the facilities of the grain companies. They have more incentive to get it into the market and get rid of it, because they have to buy it when it comes in. I wonder if his department had ever looked into trying to put that type of program forward, not only in Alberta but in the three prairie provinces, where we could actually be paying the storage to the farmers and give the elevator companies a slight incentive to get off their duffs, so to speak, and sell the grain.

MR. PLANCHE: Knowing the Chairman's feelings about wide-ranging questions, I wonder whether or not you want me to respond to the Vencap.

MR. CHAIRMAN: Well, it would be totally out of order. But because of the recommendations, I would ask the indulgence of the crowd here. They want to ask, Mr. Moore, about Vencap and there seem to be some answers. But I think what I will do, as the totally non-partisan chairman that I am, is suggest to the group if they want to go into it, that would be fine; if they don't, fine.

MR. R. MOORE: I feel that we have a very short session coming up here. We have a lot of people to get in. We can get into all these current things, and I don't think we should be into them. I think this just takes up our time which isn't our responsibility. Our responsibility is to look at how past accounts were handled and the results of it, not to look into the future. If we get into this, we can be here on any given subject. We can be wide-ranging, but is that our purpose? I question that.

I feel strongly that in Public Accounts we should stick to past operations, the Auditor General's role of what's he has looked at and found, and what we see in the way the minister handled his money in the past. We shouldn't be going into how he is handling it in the future. That is not our role. As much as I'd like to listen to Vencap and have this brought in — I know a lot of these things interrelate — I think we should exclude those areas of current and future spending from our deliberations here, because we have a time frame to look at the things we're supposed to look at. I feel strongly on this, and I've expressed it as strongly as I can.

MR. CHAIRMAN: You're correct in terms of your interpretation. I guess the only way to deal with this for the members is that I accept the vice-chairman's ruling, and I would say that Vencap is out of order. However, I think there's a way around that. If the members feel strongly about it, they challenge the ruling. Then we could discuss it. That's my ruling. Vencap especially, because it's so obvious it is coming up in the

Legislature, would probably be out of order at this time.

MR. PLANCHE: Thank you, Mr. Chairman. On the grain handling issue, the very real difference between north and south of the border, as the member well knows, is that south of the border there's private-sector marketing of grain. whereas here barley, oats, and wheat are handled by the Wheat Board. If I understand the issue correctly, the grain elevators take that grain and store it on behalf of the Wheat Board. They also load it into rail cars on behalf of the Wheat Board, and the rail cars move it and off-load it into the port facility on behalf of the Wheat Board. So in my judgment, there doesn't seem to be any particular incentive to hurry. So the system plugs along in concert with the kind of speed, reaction, and market signals you would expect from a governmental marketing program. That would be the very real difference, and I don't know what the provincial government can do about that.

As I understand it, the farmers are almost totally supportive of the Wheat Board. I've had some meetings with the Wheat Board on the issue. Maybe it would be very much better if the farmers had an option as to whether or not they wanted to go through the Wheat Board, but under federal law they presently don't.

MR. CLARK: Just one supplementary, or more of a comment, I suppose. The fact that they're loaded on the car for the Wheat Board but at the same time the costs of all this loading comes off the farmer's final payment on the grain, is one of the biggest disincentives we have out there. I was just hoping that maybe something could be done about that.

MR. PLANCHE: The farmers elect the delegates to the Wheat Pool, and the Wheat Pool charges twice as much to elevate and store as they do to ship a bushel of wheat from here to Vancouver. It's an anomaly I just simply can't fathom, but that's where it is.

MR. CHAIRMAN: I have Mr. Pahl, then Mr. Szwender, Mr. McPherson, Mr. Moore, and Mr. Paproski, to give you an idea.

MR. PAHL: Thank you, Mr. Chairman. I guess I'd first remark that perhaps we should have dealt with the report of your national get-together and some of the conclusions you reached out of it, because I find support both for your ruling and the vice-chairman's point of view, and also from our members wish in it. Recommendation 23 says: the Public Accounts Committee concentrate their attention on significant issues of management and financial administration, rather than on isolated, unimportant individual transactions. So everybody is supported.

But my question, Mr. Chairman, and I guess I really have two, and I'm a little nervous now because there are some rules on supplementaries . . .

MR. CHAIRMAN: I'll have the vice-chairman watch you.

MR. PAHL: Okay. The first one to the minister relates to the 100 rail cars that were provided under the Heritage Savings Trust Fund.

MR. PLANCHE: One thousand.

MR. PAHL: One thousand, I'm sorry. I recognize that keeping track of those is part of Economic Development's budget. There was a question and a concern in some years past — and I recognize that the control of those hopper cars is beyond the reach of the provincial government — about the effective utilization of them. I wonder whether the minister might respond to where that stands in terms of the monitoring of that investment by the department.

MR. CHAIRMAN: Just for clarification, I would say that is in order because it's money that was spent, even though we have no control. So it's very much in order.

MR. PLANCHE: When this began, we were at the Wheat Board in Winnipeg. The Wheat Board in Winnipeg has a call on every serial numbered car and can locate it instantly, certainly all over Canada. My impression was that we should use that facility rather than paying extra for it. A decision has been taken, though, that we can do it at a very nominal expense within the department, using terminals from the railroad's runouts. So for a very small amount of money, and it's almost negligible, we keep track of the cars ourselves.

The history of those cars is that the railroads were not to move them out of the country without express permission from us, nor were they to move them out of the grain handling system west of Thunder Bay without express permission from us, simply because they gather a different rate depending on their use because of the Crow rate anomalies.

I remember at least one occasion when we allowed a string of those cars to go to Three Rivers. We received some income from the railway in excess of — normally we don't charge the railways anything to use the cars, and it's reflected in the rate. But as I remember, we did receive some income from the railways on that one specific trip. Aside from that the rail cars have moved, to the best of our knowledge and with the tracking we do of them, within the confines they were prescribed to.

MR. PAHL: Thank you. Mr. Chairman, I guess I'll call it a supplementary unless there are others on the list. It is in truth a second question.

MR. CHAIRMAN: You're allowed up to three.

MR. PAHL: Okay, thank you. This one is more philosophical. I hope it will allow me to look back at the expenditures for Economic Development with a view toward helping this committee make some evaluations about the period under review and in the future. Basically, as has been described by the minister, certainly there's a strong market orientation to Economic Development in both ministers' areas of responsibility. That involves ministerial missions on a regular basis by the Minister of International Trade and other ministers, and some reciprocal visitations here.

In the private sector, if we could say you were responsible for the marketing department, it would be well accepted that there would be fairly wide-ranging expenditures on travel, entertaining, and hosting, both in your client's area of business and when your client visits you. There would be a fairly substantial budget applied to that activity. When you're dealing in the public sector, there is a sensitivity in that area. I wonder whether, on a general basis with regard to the period under review, the minister might give us a philosophical basis for how you reconcile the need to be a marketer, a salesman in the market place if you will, and a good host when you're hosting people here, using public funds.

MR. PLANCHE: There are two or three things you're trying to do. The first one is incoming missions from other countries. We do a lot of business with state-planned economies, so the people who come are government officials. They're entertained in a semiformal manner, generally in Government House or at a hotel. Some of those kinds of gatherings, depending on their size, need some sensitivity to the private nature of the conversation, and they have to be handled a little bit differently. That ranges all the way to sandwiches in my office, which is a long way from dinner at Government House if you've had the sandwiches. That kind of thing is for market intelligence. That requires an atmosphere of cordiality, and it takes a little bit of time. I tend to use a lot of my lunch hours that way. I have people from the private sector in, and we talk about what

would happen if, where are we going wrong, how we can get them to collectively support our export efforts to state-controlled countries, and how we can help them in their initiatives to the private sector in other countries; then the wide-ranging variety of issues about petrochemicals and feedstock costs, and a variety of other things.

To answer your question, I guess the entertaining is very much different than it is in the private sector. We try to be sensitive to that. Unfortunately, the government-to-government entertaining level is different from the private sector, and is a little bit more formal and a little bit more expensive. I don't know how else I can describe it. We spend every lunch available talking to the private sector in some form or another — always, if we can.

MR. PAHL: Perhaps I could ask a supplementary, then. I guess there's an overlap here, Mr. Chairman, with another department. In past periods under review, there were twinning agreements signed with provinces in Pacific Rim countries, specifically the province of Hokkaido in Japan, and Heilongjiang province in China. In a recent statement tabled in the Legislature, I believe that has been termed our window on Asia. It is a government-to-government window. Am I to conclude from your remarks that when you're dealing in a marketing sense with those governments and those windows, you're really dealing state to state and it becomes, for want of a better term, a big deal? Is that the implication?

MR. PLANCHE: Essentially that's right. For instance, last evening we had dinner with the governor of Shan-dong province of China, and with him were 12 or 14 officials in agriculture and petroleum. They would all be government people. They were entertained in keeping with the kind of reception the Premier would have had, had he been in Shan-dong province. It was a cordial but semiformal type of dinner, which is what they would expect. You have to return hospitality as it's given.

Those two and Gangweon in Korea are going to be very important for us. They will generally be handled through Federal and Intergovernmental Affairs, because those are not straight trade issues. Those are more issues of becoming accustomed to each other's way of doing business and opening the doors for our businessmen, that will surely follow on both sides, trying to determine their priorities that we should import in order to respond to our exports to them. So in my normal course of activities, I wouldn't be in those two places unless it was on a specific sectoral initiative.

MR. PAHL: If we were to sort of search for that balance for Public Accounts, we should be looking at Federal and Intergovernmental Affairs as a responsible portfolio.

MR. PLANCHE: In that area, that's true. Don't forget that my colleague in my department was on the road 182 days last year. Whenever he can, he tries to involve people from the private sector. That's often on a cost-sharing basis. There are a variety of ways they handle it, but they always try to handle it fairly and equally. His budget would be different from mine, which again would be different from Federal and Intergovernmental Affairs. But I guess it all comes under the heading of trade entertaining, because that's really what we're trying to get to.

MR. CHAIRMAN: Okay, you already snuck one more beyond the ... Mr. Szwender, followed by Mr. McPherson.

MR. SZWENDER: Mr. Chairman, to the minister. It seemed that last year an opportunity to develop lighter-than-air vehicles had somehow slipped away from Alberta ...

AN HON. MEMBER: Floated away.

MR. SZWENDER: ... floated away, and was captured by eastern people. I was just wondering if there was a reassessment in the department to take an initiative and maybe recapture the production of lighter-than-air vehicles.

MR. PLANCHE: No there isn't, Chairman. We assess those pretty carefully. There was a variety of initiatives presented to us. Generally the reason for locating here was money. We got to build the airdrome and bolt the things together, but the technology and proprietary engineering stayed somewhere else. The prototype of the one I remember from Tillamook, Oregon, has subsequently crashed, and I don't hear much more from them. That was an initiative that was primarily used for logging on steep slopes and that kind of thing. There was some investment capital interested from the foresting sector, I think along the coast in Oregon, Washington, and B.C. I think the one that's in Ontario is a non-rigid lighter-than-air.

We think public funds should be expended here where there's a natural advantage to be here. In response to public funds being expended, we think there should be a transfer of technology and really a developing, useful work climate, and something that isn't going to need an ongoing subsidy of any kind. We tend to stay with that, because when you wander off it our experience has not been good, either locally or nationally. Try as we would, we have never found a lighter-than-air initiative that fit those criteria.

We have a variety of options, if I may, Chairman. We've had an opportunity to manufacture helicopters, cars, planes, and all kinds of things. But it really boils down to their perception that we have a heritage fund here that will finance their activities, not any other reason for being here.

MR. SZWENDER: A supplementary. I was just curious to see whether the lighter-than-air vehicles would fit in, in Alberta, in terms of the geography. You're saying that it's not really that feasible.

MR. PLANCHE: What I'm saying is that the natural advantage for the manufacture of lighter-than-air ships is almost everywhere. I don't know of a single place that can't manufacture lighter-than-air ships. So why would they want to be in Alberta? We have resource wages. We're not getting any technology transfer. We get to build a very big building. I'm sure the taxpayers of Alberta would be less than fascinated if we ended up with a building the size it takes to put a dirigible in, with nothing going on. I always had some concern about that.

MR. SZWENDER: The intent of my supplementary was, is there any thought being given to purchasing some of these lighter-than-air vehicles for use in Alberta?

MR. PLANCHE: I don't know of any use we would have. If there was one, I presume we'd have a look. There have been initiatives put forward to bringing gas out of the arctic by dirigible. There also seems to be a compelling economic reason for using them for traffic control. Certainly in the arctic there is a use for them for exploring the thickness of ice ahead of vessels and the routing of vessels. So for polar navigation, they're quite important. But I don't see the role the government would have to play in that. If they are available, the people who need them can buy them. The municipalities who need them for traffic control could buy them. But there has never been a demand for them indicated to me that would dictate this as a logical place to manufacture them on their own merit.

MR. CHAIRMAN: I have Mr. McPherson, then Mr. Moore, and Mr. Paproski.

MR. MCPHERSON: Mr. Chairman, thank you. Through you to the minister, my questions

are going to be related to railway relocation. I note on page 103 of our supplemental estimates of expenditure that there was \$45,000 actually spent in 1981-82 on railway relocation compared to a comparable estimate for '82-83 of \$334,000 and a forecast for '82-83 of \$61,000. I presume this relates to the Lethbridge railway relocation and that that facility has been completed.

MR. PLANCHE: As the member would know, we play several roles in railway relocation. The first one is that we conduct on behalf of the municipality the engineering and feasibility studies. We do that sometimes for projects that abort and sometimes for projects that are ongoing. The next phase we would be involved in is negotiating with the railroads as to the cost of it, the physical cost of relocation and the physical cost of the new assets required, including different shunting engines and whatever else. The third one would be the actual financial contribution that would be prorated between the municipality and the department to fund the movement of it and establish the vehicle for recovering the money from the sale of lands. I don't have those particular numbers in front of me, but we are involved in at least three at the stage of feasibility presently, and the Lethbridge one is complete as of two or three months ago.

MR. McPHERSON: A supplementary. Actually, the minister has answered one of my supplementaries already, but can he advise if there is a termination date to the railway facilities relocation program? If there is, when might it be?

MR. PLANCHE: No, I don't think that we would terminate it. Of course, that's subject to the comments I might receive from the Treasury. All Alberta towns, almost without exception, were built around a railroad. Now, some hundred years later, that's proving to be an impediment to core development in the cities, the cost of infrastructure within the cities, safety, undesirable goods, and a variety of other things.

Clearly we don't have the financial capacity to move railways all over the province, so we have established as the base line that the land recovered, that's been freed up, must be of a value that's in excess of the cost of the relocation. If that criterion can be hit by our major cities, aside from Calgary and Edmonton, then I would be happy to take it to my colleagues for approval.

MR. McPHERSON: One final one. In light of current economic conditions, if existing municipalities who are interested in railway relocation — and obviously, Red Deer is one — can clearly demonstrate that there would be cost/benefit ratios on the overall, perhaps including a description of important aspects like transportation safety, which you mentioned, and other things, can you see that these things can be considered in relation to railway relocation?

MR. CHAIRMAN: Going back to the previous discussions this is ongoing, so we can make it legal. Go ahead.

MR. PLANCHE: Thank you, Chairman. What I was saying was that the reason and desirability for a rail relocation program revolves around those issues. But the criterion that we would use to judge whether or not we would proceed is if the land that was freed by the relocation would be of a value in excess of the cost of the relocation. The other issues are non-cost and would not be the deciding criteria.

MR. R. MOORE: Mr. Chairman, I notice that one of your expenditures is for the strategic planning branch. If we take strategic planning at face value, I wonder if that includes — and if not, why not — the encouragement of foreign investment and foreign expertise in Alberta in our industrial areas and economic base.



MR. PLANCHE: The answer to that is yes, but only peripherally. The issue of whether or not we want to have foreign investment is one that we've always addressed positively. That's been not only through the Premier and Treasurer but my colleagues in both the cabinet and the caucus. It simply is beyond belief that anyone would assume we could develop our resource potential without having free investment. Right now we suffer from a determination in central Canada that this may not be an appropriate place to invest in. That happened to us in the early days of the oil industry. We had to go to the United States. The FIRA has now precluded some investment possibilities. If it wasn't for that vehicle, we wouldn't be so concerned about whether Ontario wanted to invest here or not, because there are all kinds of people who want to come, take an equity position, be good corporate citizens, and transfer technology.

We remain absolutely persuaded that investment is crucial to the development of resources. I don't think this government has ever in any of its deliberations considered the deleterious effects of the nationality of money.

MR. R. MOORE: Thanks, Mr. Minister. The other area is your process industry development branch. Briefly, what process industries are we giving priority to? Or do we treat them generally across the board?

MR. PLANCHE: Across the board. What comes to mind particularly is petrochemicals. We have some other initiatives before us now, that are at present commercially confidential, that revolve around the upgrading of a resource. But process industries cover that wide range of activities that upgrades commodities to a higher value and higher value added, and maximizes labor content before they go into export. It covers the full range.

MR. R. MOORE: Thank you.

MR. PAPROSKI: Mr. Chairman, I mentioned in my introductory remarks and I want to stress again the importance of this department to the future of Alberta, and my question stems from that. I just wonder if the minister could comment on what his department specifically does with respect to delving into the future. Are there extrapolation studies that have been done by his department? Is there a futures component to your department that indeed analyses and looks 10 and 15 and 20 years hence? I can't see that in the budget. I just wonder if indeed that does happen.

MR. PLANCHE: Yes it does. We concentrate on futures extensively, and strategic planning has input into all of the comments we make as to what direction the province should take. Unfortunately, events have overtaken us to where there's sort of an immediacy to business problems that's transcended directing all of our activity toward futures. We tend to be more business ombudsmen than we'd like to be, from two points of view. First of all, we're not fascinated to see our industry in the difficulty it's in. But secondarily to that, we haven't had the time to address ourselves to the longer or the medium term, as we had hoped.

However, we continue to use futures planning as we pick directions that we need to go in and that we see coming. That tends to prioritize how we approach impediments to those, because we not only are positive in our activities but we're negative. The reason for our concern and intense activity on the Crow issue for the last four years was because of the forecast for the shift of trade from the EEC to the Pacific Rim. Clearly we're in the export of food and energy, and clearly we're compatible with the EEC. So our futures would give us a sense of direction in how we might approach a federal initiative to tariff automobiles from Japan, or how we might approach the issue of coal slurry, or how we might approach agriculture processing. All of those things have a futuristic component in them for which we have input from strategic planning.

MR. PAPROSKI: Just a last supplementary. It's probably simplistic, but I would assume that there is excellent communication with all departments in government pertaining to these futuristic studies, that there would be people designated perhaps by other departments to communicate with the individuals in your department about future areas. When you mention transportation, for example, this was not your decision alone, pertaining to the future, but you have utilized individuals in the Transportation Department extensively.

MR. PLANCHE: I think that's a very important question, and I don't think we do that as well as we should. I guess people tend to take advice on futures based on who gives it to them. You weight that according to how well you know and respect the individual who is giving it to you, so that proximity to the person tends to give more credibility to the futures. For that reason, future comments from people to people they don't know are held with less validity. So instead of having a sort of global futuristics department, which everybody would throw in the wastebasket, we tend, particularly in our department, to understand the people who are giving them and tend to have your own thought processes reflect the biases of those people as you perceive them.

So it's something that ideally we'd like to have. Whether you can have credibility and forecast without having proximity to the people, I'm not sure.

MR. CHAIRMAN: Are there any other questions to the minister?

MRS. KOPER: I have a few questions to the minister, sort of related to the futures idea. First of all, it was regarding the Alberta Research Council and some of the problems it had encountered over the past. I wonder if generally, the council followed the policy that research projects sponsored by private sector and business are paid for that private sector and business — supported entirely?

MR. PLANCHE: Without getting too specific, because my memory isn't that crisp, I think 50 per cent of the revenue from the Alberta Research Council now comes from consulting income, from their clients. I guess the very real question is: what component of the Research Council activities should be in basic research and what should be in applied research? Whether or not they should be part of an integrated science policy in terms of being a funder and assessor of concepts, whether or not they should be involved in patent protection, whether or not they should be involved in things like laboratories for Canadian standards for the plywood and lumber industry, whether or not they should have condominium facilities or greenhouse facilities, if you will, for fledgling industry, and how to separate their activities from the private sectors' activities to be certain that they're not overlapping, are questions that really remain unanswered.

There may be a need to review the priorities of the Research Council and the direction it's taking, particularly as it applies to the amount of funding it's receiving from us versus the private sector and the amount of time it's taking in basic research.

MRS. KOPER: A supplementary, Mr. Chairman. In view of that fact, I wonder if there is a significant trend that the research activities in the private sector are eventually becoming so much more widespread than they were when the council was first started. Would you see any trend to the private sector assuming more of the duties of the council?

MR. PLANCHE: Yes I do, and I think that's a very important question as we get more and more into this forefront technology. Really the ingredients as I see them are four. The first one is the attitude that exists between industry and the universities. Somehow or another that gap has to be bridged. The second one is the problem of information. By

that I mean that we have to somehow or another know in the province who does what, so that when people come here to joint venture, enquire, invest, buy, or whatever, we can sort of direct them.

The third is the area of communication. The Research Council, in my judgment, might fill a very real void there by being the vehicle that brought state-of-the-art information to those in Alberta in research, in their particular sectors. The fourth one is creative financing.

We were trying to address them all. They're not going to all come together concurrently, because they're necessarily of a different time frame. But we are addressing all four, and I think the Research Council will be a very big mover in at least two of those.

MRS. KOPER: Thank you. Mr. Chairman, a further supplementary. In the House the other day, we heard some evidence that a dollar invested in research brought returns. Do we have any accurate statistics on that as far as the expenditures of the Alberta Research Council?

MR. PLANCHE: No we don't, and I'm not sure that that's been their mandate. For instance, I think back to the hail suppression program. There are a lot of people who are not persuaded that it's cost effective at all; others are. But the money continues to go in because it's basic research to a problem that's plagued Albertans and it doesn't really have any commercial value. I guess that's part of the conundrum — how much money do you spend on other than applied research? If your judgment is that it's half, then that half probably won't return anything.

So I don't think there's a multiplier for the Research Council. A corporate R and D, which is sort of targeted, would be easier to respond to in terms of cost/benefit, because they know where they're going in a very real way and they're not trying to serve the humanities directly.

So I don't know that I've ever developed the question, simply for that reason. Once we establish what percentage of activity should be basic and what should be applied, then I think that's an important criterion.

MR. CHAIRMAN Are there any other questions to the minister? Seeing none, I would like to take this opportunity to thank the minister and Mr. Eliuk for coming before our committee. We know they're busy, and we do appreciate it. Thank you very much.

MR. PLANCHE: Thanks also to the Auditor General for no bad comments about the department. [Inaudible] that did go through the department or not?

MR. CHAIRMAN: I think you can safely conclude that. Before we break up, I would like to ask a couple of things. Some people may have come in ahead. Did everybody get this report? If not, please come down and pick it up at the end of the session. I will follow through with what we discussed earlier. The next meeting will be next Wednesday at ten o'clock. If there's no other business, would somebody like to move adjournment? It's been moved. All in favor? Thank you very much.

[The meeting adjourned at 11:30 a.m.]

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