8:35 a.m.
[Mr. Doerksen in the chair]

THE DEPUTY CHAIRMAN: Ladies and gentlemen, let's call this meeting to order. You have before you the agenda under tab 1. Just so you know, we're going to kind of change the order of that particular agenda. We're going to move the discussion on the draft business plan and the second-quarter update ahead of the public meetings.

MR. LOUGHEED: So moved.

THE DEPUTY CHAIRMAN: Rob Lougheed has moved the adoption of the agenda. Any discussion? All in favour? Carried.

Under tab 3 you have the minutes from October 5, 1999. I'd entertain a motion to approve those minutes.

MR. CLEGG: I move the minutes of the October 5 meeting.

THE DEPUTY CHAIRMAN: Mr. Clegg has moved the adoption of the minutes. Any discussion or amendments to the minutes? All in favour? Approved.

That now brings us to the draft business plan or the second-quarter update. Mr. Treasurer, however you wish to proceed on those is your call.

MR. DAY: Okay. Thank you, Mr. Chairman. Good morning, members and others. As far as Treasury officials today I think some of you may know and some of you may not know that Paul Pugh is our CIO. Paul, is this your first annual meeting?

MR. PUGH: This is my first annual, my third meeting.

MR. DAY: First annual, third meeting. Okay.

THE DEPUTY CHAIRMAN: Mr. Treasurer, if you could introduce all of the people for the record.

MR. DAY: Okay. I'm going to do that. Alex Fowlie is here. He's the secretary to the Investment Operations Committee. Laurence Waring is here, the director of external fund management. Dave Smith is our ADM, and that completes the Treasury officials directly related to the heritage fund group that are here with us today.

We also are coinciding with, of course, our second-quarter update, and you have your copy of that. If I can just give the overview which does reflect that second quarter. Of course, as we know, with relatively weak markets equity returns were negative in the quarter and bond returns were flat. When you compare for the full year, we see that the returns for the equity markets improved considerably as those market corrections that really were a factor in the spring of '98 dropped out of the one-year return calculation.

So in terms of performance, then, the endowment portfolio return for the quarter was zero percent. However, on a one-year basis the return is 14.9, and we should note that that is significantly ahead of the policy benchmark return, which is 13.7. The portfolio was also ahead of the SEI medium return of 13.3. That SEI medium that we use is a composite of something like 1,400 different stocks and 23 different exchanges. It's a very broad medium return so that we get a good assessment of how we're doing on a global basis. We have the two-year numbers now. On an annualized basis the endowment portfolio returned 7.6 percent, and the benchmark return was 6.9. The SEI over two years is 5.7. So we continue to stay ahead of the benchmarks in a fairly healthy way.

You know that with your approval we made a change to the asset mix and also on the foreign equities over the last year or so, and that has been a significant factor in terms of these improvements. The transition portfolio returned actually at the same level as the benchmark, at 3.6 percent, for the one year and is slightly ahead of the benchmark over the two years. Fund income for six months is $426 million, which is about $65 million ahead of last year. You'll see, too, that when we did the policy allocation on those foreign equities, that was increased on March 31, '99, to 30 percent from 20 percent. Again, that's reflected in our returns. You can see the buying in the quarter there on the foreign equity side.

So that's a brief overview. You'll see in note 7 on page 11 that now we break out the direct and the indirect expenses that accrued in the investment pools. That was at the request of members here.

That's the second-quarter report, which, as we said, coincides with the business plan itself. I think what I'll do, Mr. Chairman, is that if people have questions that they've noted there, I'll just continue here on the business plan, if I can, and then I'll pause to have questions asked overall. So any that you've noted there are fine.

In terms of the plan itself, as you know, according to legislation the Treasury officials are required to do a review and bring forward a draft business plan to the Investment Operations Committee. That committee is chaired by the Deputy Treasurer and is composed of members of the private sector. They have to, again according to the legislation, review the document, make any necessary amendments, and then recommend the business plan for approval. At that point the Treasurer and Treasury Board and then this committee move it through for final approval. So you'll note that the business plan for 2000-2001 again reaffirms the objectives that are set out for the fund, and the objective of course is to maximize long-term financial returns.

THE DEPUTY CHAIRMAN: Mr. Treasurer, if I could interrupt for a minute. We're under tab 6. We've now moved to the business plan from the second-quarter report. Just to be sure everybody is on the same page here.

MR. DAY: Thanks, Mr. Chairman. The objective of course is to maximize long-term financial returns, and it is noted and accepted that this happens over time. As you recall, two portfolios were established: the transition portfolio, to generate income for the immediate fiscal needs of the province, and then the endowment portfolio, whose goal is to pursue the maximizing of long-term financials. You'll recall that the goal has been that by no later than 2005 all the assets of that transition portfolio would be shifted to the endowment portfolio. So we see already and will note the shift from the fixed securities into an increase on the equity side, again anticipating and knowing that when you do that kind of move, you're moving out of bonds and you're moving into equities. You do expect some volatility, but of course in the long run you expect the greater returns.

We're actually halfway through that transition now. The relative sizes of the two portfolios are approximately the same or approaching equality there. The first change, then, and the request here, that has been approved by the Investment Operations Committee, as you know, was to move some $12 billion over in the course of 10 years. You can do the math on that. It's not really rocket science. About $1.2 billion a year was the stated amount by which you wanted to move the funds from the transition portfolio to the endowment portfolio. It's roughly a hundred million dollars a month.

Now that the teeter-totter is tipping, as it were, and the critical mass is weighted now on the endowment portfolio side, there is a request, as the transition portfolio dwindles down, to be able to make the most of market opportunities and to in fact, where necessary and where it would be advantageous, move to a maximum of $2.4 billion per year in completing the transfer so that if opportunities availed themselves, for instance, on a monthly basis, there wouldn't be a restriction to moving the amounts over at only a hundred million dollars a month.

That allows the ability to increase that flow of assets and again take advantage of where there might be market weakness on the bond side and give the ability to move into the strength on the asset side, or there may be an opportunity at a particular point in time to pick up a block of assets that might bump up that $100 million per month limit so that the relative strength of the province's finances there is increased. The ability to increase that is there. So that's the first change that was reviewed and approved by the Investment Operations Committee as being something that is prudent and advantageous to do.

Then the second change was to look at a modification of the benchmark on the transition portfolio. If you can imagine, in terms of taking the transition portfolio and benchmarking or measuring its progress against other funds, it's now becoming an apples and oranges case because other funds don't have sunset clauses, basically, applied to them. Other pension funds that are out there are not being targeted to be eliminated within a certain period of time. The transition portfolio of course is, so it continues to decrease in size, and the ability to compare it as it decreases in size to another fund becomes an exercise whose accuracy, I think, could be questioned.

In looking at that, the investment committee looked at the size, the decreasing amount, the fact that it may only be there for another three or four years and said that there of course still needs to be a benchmark, that we still need to measure how we're doing there but that the benchmark would be one where we take 50 percent of the Scotia capital markets 91-day T-bills index and 50 percent of the Scotia capital markets short-term bond index. So you've got a pooled index fund, as it were, that you can compare with. The transition portfolio will still have to meet that benchmark, but it's not going to be in relation to comparing it to other funds which in fact are expected to grow while this one has a mandate to decrease.

8:45

The other change that the business plan is recommending here is a change on reporting the real estate returns. We use something called the Russell commercial property index, and that calculates returns before expenses, tenant improvements and other things. Our real estate returns are calculated after expenses are deducted, so you're back into an apple/orange comparison. We want these comparisons to be accurate. We want people to be able to know that they're up against realistic and comparable benchmarks. So for the purposes of measurement against the benchmark, then, we will also be calculating the real estate return on the same basis as the Russell commercial property index. We'll show all expenses, and there's a note further on in terms of administration expenses on the fund overall, which compare very favourably to industry. But on this particular index itself, in terms of comparing returns, the recommendation is to move to fully compare to the Russell commercial property index.

Those are the changes. They might not appear to be earth shattering, but they are changes to the business plan, Mr. Chairman, that have gone through the legislated requirement of going through the Investment Operations Committee.

I will now pause and take a breath for any questions or suggestions.

THE DEPUTY CHAIRMAN: Okay. Shiraz, if you have some questions.

MR. SHARIFF: I just have one clarification before I ask my question. With regards to the transfer from transition to endowment portfolio, how do you determine what amount or what portfolio you take away from the transition side and translate to the endowment?

MR. DAY: I'm going to get Paul to comment on that specifically. Paul is of course our chief investment officer. I'll let him give you some insights into the daily machinations that go into those kinds of decisions.

MR. PUGH: The transition portfolio is basically a fixed-income portfolio. It contains mainly bonds. There are a few equity issues, one equity issue and a couple of policy investments, but it's a bond portfolio, a fairly high-grade bond portfolio, a high-quality portfolio. What we've been doing in the transfers is liquidating the bond revenues, raising cash – i.e., money market instruments, dollars – and just transferring that money over to the endowment fund. Then we redeploy the funds in the endowment fund mainly to the equity markets over time as we've built up the holdings and equities.

MR. DAY: Paul, I think what Shiraz is getting at there too is: do you make a decision in terms of duration or term or anything like that in terms of what is sitting in transition and then moves over?

MR. PUGH: Yes, we do. We just take our view of the marketplace and see where we want to be on the duration or a term portfolio basis and what holdings in the portfolio are expensive and which ones are cheap. We sell the expensive ones to realize the best value and then transfer them over, always maintaining our view of what we do on interest rates in the market to maintain our duration or average term of the portfolio.

MR. SHARIFF: So my question, then, is: if you double up what you are transferring to the endowment portfolio, then would you expect probably to have the endowment portfolio completed, all the transactions transferred, maybe in a couple of years' time?

MR. DAY: It could be, yeah.

MR. PUGH: It would be three years, just depending on what the markets do. Roughly it would be a three-year process, and all the funds from the transition portfolio would be in the endowment portfolio, and we would just have the heritage fund.

MR. DAY: It could be done by 2003 as opposed to the legislated requirement or expectation of 2005.

MR. SHARIFF: So are you expecting us to pass any motions today authorizing you to proceed with that?

MR. DAY: If you are in agreement with this, this is the final stage for recommendation. These are the changes that are being recommended to the business plan, this one and also the one related to the real estate issue.

THE DEPUTY CHAIRMAN: Shiraz, I think that if we approve the business plan with that in there, that covers off that aspect.

MR. PUGH: If I may interrupt. As to the legislation, I'm the new kid on the block, so I'm not familiar with it. I believe the legislation now reads: a minimum of $1.2 billion a year. So it falls within that parameter. We're at the minimum end of the scale.

MR. DAY: Yeah. That's correct.

MR. CLEGG: Well, my question is almost on the same line, on this transition to the endowment. Obviously the policy is now $1.2 billion.

MR. DAY: A minimum of $1.2 billion, yes.

MR. CLEGG: A minimum, yeah. Obviously that's $100 million a month. Are we stuck with that $100 million a month, or do we have flexibility as to when we can move these funds? I mean, it seems to me that, you know, if you're in the investment business, you should have some flexibility, even if it went to the $2.4 billion. You've got to have real flexibility to move these dollars.

MR. DAY: You're right, Glen.

MR. CLEGG: I mean, I think that per year you shouldn't have to do it, but if you have to do $100 million a month, then it really becomes – well, maybe the marketplace isn't there at that specific time. So have we got that flexibility?

MR. DAY: This actually enhances that flexibility. They don't have to move $200 million in a month if this business plan is approved. They don't have to move that much. It gives the flexibility. They already had the flexibility at the minimum of $1.2 billion over the year, and being wise investment officers, if Paul was to determine that in any given month it's not advantageous to make a move, then they wouldn't make that move. So the flexibility is there on a monthly basis. They don't have to move that amount per month. It gives an idea of the average, and now of course that average potential would increase. So it gives greater flexibility to maximize.

MR. CLEGG: Thank you.

THE DEPUTY CHAIRMAN: Debby.

MS CARLSON: Thank you, but actually my questions were asked, so I'm satisfied.

THE DEPUTY CHAIRMAN: Okay. Rob.

MR. LOUGHEED: In reading through this, there seems to be increased sensitivity to the volatility in the market as it impacts the endowment portfolio.

MR. DAY: Does it increase the volatility, you mean?

MR. LOUGHEED: There's increased sensitivity to an awareness and comments made in the package.

MR. DAY: Yes.

MR. LOUGHEED: We're decreasing the transition portfolio where you have fixed returns, which is balanced against the fixed costs of the provincial debt. We're balancing off the fixed into volatile and comparing it to our fixed rate of debt, which may change as time goes on, but it's essentially fixed, similar to the transition portfolio.

MR. DAY: Yes.

MR. LOUGHEED: Could you comment on that? If we move more quickly out of the transition portfolio into the endowment, it seems to me we're incurring some risk.

MR. DAY: Well, you do, Rob. There's no question about that. The risk, though, is not seen to be exorbitant. As a matter of fact, in the instructions that go to all our managers, Paul included, they have to follow prudent investment guidelines and mainly move in the area of buying into indexes. So you're increasing your risk relative to being invested totally in bonds of course, but you've minimized the risk when buying into indexes.

They also have the ability to do some direct management, and when we look at what's happening in the markets over the last few years, I think we could justifiably be accused of not prudently taking advantage of some of the gains with the risks that go with it. I mean, we have to face that up front. You're a hundred percent right when you make that kind of move. When you see our return this year on the TSE, it's something like 28 percent. If we continued to be weighted on the bond side, depending on what comparison you're looking at, you know, if you're looking in the 4 to 6 percent range, then I think our citizens and other people who watch what funds are doing could properly criticize us for being too cautious. People would say: why are you languishing at these lower levels?

So the volatility is there, and you'll see that when we do quarterly reports, quarter to quarter you're going to see that volatility reflected. We're not going to do any sour grapes here, but if we had moved everything out of the bond markets by now or even by a year ago, we would be reporting income this year on the final a lot higher than $794 million, I can assure you. I mean, it's now at the place in the markets where, you know, Bill Gates can make an announcement and the day-to-day fluctuation can actually appear in the market.

When you look at the TSE index, actually a large component of that is Nortel and BCE. They can make a decision which is going to give a bump, but in the long term I think we would fairly be accused of not being the best stewards of people's money if we stayed in that bond area level of return. Yes, risk does increase moderately, but it's with these prudent investment guidelines, so our exposure is minimized. No question there is sensitivity to risk, and they try and map all that out. If we'd got hit over the long term in a negative way, the whole world would have been hit also, and at that point it would be something of such a magnitude that even our bonds, if we had any left, aren't going to be of that much value to us anyway.

8:55

MR. LOUGHEED: I guess the concern is that our liability would still exist. In part that's why it's prudent to move towards debt reduction.

MR. DAY: Exactly. Yeah. Which we'll continue to do. I think what you're going to see is that over time, when you do the year-to-year and even the two-year marks – right now when we're looking at the overall benchmark of the entire portfolio, we see a return of something like 7.6 percent and we see our debt costs at about 6.9. I don't want to be held to this for sure, but all estimations are that you'll see that grow. You'll see us outperform our debt cost at an even greater rate in the long term as the investments accrue to us at a greater level of return.

You also mentioned paying down the debt. Yeah, we're going to continue to do that at an aggressive rate.

THE DEPUTY CHAIRMAN: Any other questions?

There were four changes basically highlighted in the business plan. You've talked about the first three. The fourth one you didn't mention, and I was just curious about that. It's where the investment limit in the transition portfolio for the province of Alberta bond holdings is reduced from 17 percent to 15 percent.

MR. DAY: Oh, sure. Yeah. Thanks for bringing that up. That's just been a result of the natural movement as the transition portfolio has moved. The mix there in terms of what amount was in Alberta-related bonds was at the 17 percent level. That was noted as a fact of information. As things have moved out, that has now dropped to 15 percent. It's not that we have a certain level that we have to hit in terms of Alberta bonds; it's just that as they've moved out, it's now dropped to 15 percent. That needs to be pointed out and observed and formed in the particular business plan. That's a natural result of that overall fund decreasing.

THE DEPUTY CHAIRMAN: Okay. I thought that referred more to the percent of our portfolio that was held in Alberta bonds.

MR. DAY: That's correct, and Laurence can give you some more comments. Take the overall transition portfolio. At that point in time 17 percent was made up of that. It wasn't said: you shall always have 17 percent Alberta bonds. So as this movement has gone out and other percentages have dropped also, we've seen the Alberta component also drop. Is there more detail on that bond section?

MR. WARING: Yeah, actually on page 9 of the business plan. My apologies to the committee. The plan is with the Alberta Social Housing Corporation and the Agriculture Financial Services Corporation debentures. Their financing is being done in the marketplace, and as those bonds come up and are refinanced in the marketplace, by definition we just ratchet it down. It's really a mechanical or a housekeeping issue. Every year we move this number down and note it, and it's just simply to accommodate those two particular issues in the program of putting the debt out into the regular marketplace. Sorry about the confusion there.

9:00

THE DEPUTY CHAIRMAN: No. That's good.

If I could refer you to page 13 of the business plan, your forecasts and underlying assumptions. If you just look there, under item 2 there's an equities component with estimated income return rates, and then under item 3 there are equities which show a little higher rates of return. Can you just explain to me what categories we might be referring to between those two?

MR. DAY: Well, these are assumptions. We do make these assumptions based on the best analysis of everything that's happening provincially, nationally, and globally. These are expected rates of return. Do you want some portfolio . . .

THE DEPUTY CHAIRMAN: Just a comparison between the two equity categories.

MR. DAY: Okay. Do you want to comment on that, Laurence or Paul?

MR. WARING: Under item 2 what we've got is the estimated income rates. In other words, a lot of your return that comes from equity is going to be in realized capital gains, and what we've done is we've built in an assumption. We've said: okay, given our turnover rate and the dividend yield that we're going to earn, this is approximately what we're going to realize in income every year. Then in terms of rates of return we're adding that in plus the portion of unrealized gain that we're not going to earn in income. As a result, the rates of return are going to be higher, because we're not going to realize all of the income that's going to come from that and the fact that we look at it in terms of Canada, the U.S., and international, and what we do is basically trend those out to the long-term averages.

THE DEPUTY CHAIRMAN: Okay. Under point 4, where you have the portfolio asset mix, is that roughly going to be the percentage holdings that we're going to keep in our portfolio?

MR. PUGH: Yes.

THE DEPUTY CHAIRMAN: Those are all the questions I had. Anybody else have any further questions?

Then I would entertain a motion. We need to approve both the second-quarter update as well as the draft business plan, so if you could do those in separate motions. Shiraz, which one do you want?

MR. SHARIFF: Let's start with the second-quarter update.

THE DEPUTY CHAIRMAN: Okay. So we have a motion by Mr. Shariff

> to receive the second-quarter estimates report as distributed.

All in favour?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIRMAN: Opposed? Carried.

Mr. Treasurer, could you tell us if the business plan we see today will be included, then, in your budget document?

MR. DAY: Yes, it will.

THE DEPUTY CHAIRMAN: So we need a motion to approve the business plan.

MR. CLEGG: I'll make that motion.

THE DEPUTY CHAIRMAN: Mr. Clegg has moved

> the adoption of the business plan as presented.

I didn't hear any amendments to the business plan, so all in favour?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIRMAN: Thank you very much, Mr. Treasurer and officials.

MR. DAY: Thank you, Mr. Chairman, and thank you, members.

THE DEPUTY CHAIRMAN: Now we move down to the next item on the agenda. I don't even know if there's a tab for it. There isn't? Okay. Shannon, perhaps you'd like to join us.

I circulated a letter with respect to public meetings for the Alberta heritage savings trust fund. You don't have any information in your package to talk about this, so I'm referring to the letter. If you recall, back on June 21 we agreed that we would repeal section 6 of the act and substitute the following phrase: "to inform Albertans about the investment activities and results of the heritage fund." As a result, our committee planned for a communication strategy without the benefit of public meetings. While that amendment was proposed to be included in the Miscellaneous Statutes Amendment Act in the fall Legislature, we did not get agreement to accomplish it. Hence we have to bring back this issue of public meetings. I think the idea here is – and correct me if I'm wrong – we will continue with our communications strategy. We may have to amend it a little bit to reflect the public meeting part and then discuss where we want to meet the public.

Shannon, do you have something further?

9:05

MS S. TAYLOR: I think that's basically the same. Part of the problem will come in budgeting for it, because I think some of the money for the communications strategy was coming from not having public meetings and the cost of the public meetings. So we'll have to revisit that. What we can do is do a new communications strategy including the public meetings, the budget, and what we can accommodate from the original communications strategy and that.

THE DEPUTY CHAIRMAN: Well, then, maybe what we should do is discuss how many meetings we want to hold, because that will have an impact on your budget.

MS S. TAYLOR: Right.

THE DEPUTY CHAIRMAN: Why don't we move to that? The chairman, Mr. Trynchy, who's not present with us today, and I had discussed the possibility of two public meetings this year as opposed to four in the past, and I want to throw that out to the committee for your response and reactions. We suggested a couple of places that we haven't been before, so I will ask the committee if it has any questions or suggestions on that.

MS CARLSON: Certainly I support two as opposed to four public meetings. Were it possible to just do one public meeting, I would support that as well.

Just as a point to put on the record, I hope the changes in the legislation won't be coming through miscellaneous statutes. While we certainly support in this particular instance not having public meetings in the future, we do need to put our comments on the record. As it stands, two meetings for sure. One would be fine with us too.

THE DEPUTY CHAIRMAN: Any comments?

MR. SHARIFF: I'll agree as you recommend.

THE DEPUTY CHAIRMAN: We don't have any burning ambition to have more than two?

MR. SHARIFF: No. As long as you'll be making information available to the public should they request it.

THE DEPUTY CHAIRMAN: Okay. Well, we have made two suggestions in the letter we sent out. One was to go to Red Deer on the evening of March 16. The other one was to go to Grande Prairie on the evening of March 23. I suppose the best way to handle that would be if somebody would make a motion that we have public meetings in light of our previous recommendation that we confine it to two meetings in Red Deer and Grande Prairie, which are places that we haven't been to before. So would somebody like to move that motion?

MR. CLEGG: I'll make a motion, Mr. Chairman, that

> we have public meetings in Red Deer and in Grande Prairie on March 16 and March 23, as outlined in your memo.

THE DEPUTY CHAIRMAN: Okay. We have a motion on the floor. Any discussion around the motion?

MR. LOUGHEED: A great many MLAs may be tied up on the March 16 date.

THE DEPUTY CHAIRMAN: You want to make a comment?

MS CARLSON: Sure. In the past at the public meetings it hasn't been necessary to have a full contingency of the committee. In the interests of costs and knowing the kind of attendance we can anticipate here, I would certainly be prepared to entertain a recommendation that we have a minimum number of committee members in attendance.

THE DEPUTY CHAIRMAN: I think maybe the way we can handle this is let's treat those two dates as suggested dates. It's going to depend on communications in Treasury as to when they can have all the information packages together and, as well, whether we can get venues that are appropriate for those times. So if I could get you to amend the motion to suggest that we'll do the two public meetings with these suggested dates. We may finalize them and have to change them depending on what we find out, but we'll still hold the two. Are you okay with that?

MR. CLEGG: Yes, I'm okay with that, Mr. Chairman. I don't know how you want me to word any amendment to it, but I guess I could add to that motion:

> . . . if these dates are suitable.

I guess that would be easier than trying to amend the whole motion.

THE DEPUTY CHAIRMAN: Okay. I think that'll work.

MR. LOUGHEED: So the motion is to hold two meetings at dates to be determined subsequent to this meeting.

THE DEPUTY CHAIRMAN: I think we'll work with the dates that have been presented, but it depends on what we find out. We'll have some flexibility to change those dates. When we do make our public presentation, we're not all going to be there. That's been the practice before. We do want representation. As to who attends, we will select those members at a later time. We'll let that responsibility fall to the actual chairperson.

Shiraz.

MR. SHARIFF: Yeah. Before we vote on this issue, I just want to have clarification. Does the communication plan include having ads across the province in which Albertans are informed that should they want to have this information, they should phone a certain number and information will be sent out to them? Is that part of the communication plan?

MS S. TAYLOR: What our original plan had been was to work with the Alberta Connects piece that's already in place and cost share with Treasury and the Alberta Connects program. That way it would go in every weekly and every daily across the province, providing a full page of information about the heritage trust fund and an information number to call to get further information. I think we would still try and keep that plan in place because it would be the best value for the money.

MR. SHARIFF: With that information I'm ready to vote.

THE DEPUTY CHAIRMAN: Okay. All in favour of the motion?

MR. LOUGHEED: Which motion?

THE DEPUTY CHAIRMAN: Mr. Clegg's motion about holding two meetings . . .

MR. LOUGHEED: Sometime.

THE DEPUTY CHAIRMAN: Right.

HON. MEMBERS: Agreed.

THE DEPUTY CHAIRMAN: Okay. Coming back to your comments, Debby, should we entertain a motion to request the Treasurer to carry this legislation in the spring?

MS CARLSON: Yes. That would be excellent.

THE DEPUTY CHAIRMAN: Would you like to make that motion?

MS CARLSON: Sure. Just as you said it was fine.

THE DEPUTY CHAIRMAN: Okay. We do have a motion on the floor then. This committee has requested the Treasurer to carry forward the amendment that we talked about on June 21 into spring legislation.

MR. LOUGHEED: Separate legislation is what you're speaking of?

MS CARLSON: Well, he could tag it onto something else that he's doing, but it can't come forward in miscellaneous statutes because there's no opportunity to put your comments on the record. However he wants to incorporate it is fine with us.

THE DEPUTY CHAIRMAN: Okay. Well, we have the motion. Any discussion on the motion?

MR. SHARIFF: Just so that I have it clear. Is this a recommendation about changing legislation with regards to having public meetings, or is it more than that?

MS CARLSON: No, no. As I understand it, it's just the public meetings. It didn't occur to me when we were talking about it last spring that it would be coming through miscellaneous statutes. We support the change here for public meetings. In the past we have asked repeatedly for there to be more public meetings on issues. We just don't want it to come back to haunt us in future debate, and there is some reason to be concerned about that.

MR. CLEGG: Well, I think what Debby is really saying is that she wants this to be a very small amendment to the act rather than have a whole list in the miscellaneous statutes amendment act. You know, their party obviously is in favour of this. Maybe there's something in there where debate could go on and on and on, so this is really what you're asking for, just a straightforward small amendment by the Provincial Treasurer. I have no problem with that.

MS CARLSON: In part. The only reason why we don't want it in miscellaneous statutes is because there is agreement by all parties not to debate anything in miscellaneous statutes, and we just want to put our comments on the record in terms of why we support the end to public meetings in this instance.

MR. SHARIFF: Mr. Chairman, I'm just wondering. In light of what transpired earlier on today, if this fund is going to be moving into an endowment fund in a much shorter period than by 2005, we might be looking at this process for the next two or three years, or is it going to continue beyond that? If it's only for a two- or three-year period, do we really need to make any changes?

9:15

THE DEPUTY CHAIRMAN: Well, the heritage fund will remain. That's not going to go away, and our requirement to communicate to the public will stay. In fact, it will probably become more important to communicate to the public because it will be in a more volatile environment. If there is ever a negative yield, you can expect that we'll probably have more questions at that time, so we do have to be aware of that particular aspect of the heritage fund as well. So that requirement is not going to go away.

I think we can probably support the motion. From my perspective, because of the way this committee is structured, with opposition and government members on it, I would have thought this was the opportunity to make comments on the record, but I'm sensitive to your requests, so I guess the motion is before us for approval.

MR. LOUGHEED: Could we have the motion read, please?

MRS. SHUMYLA: Moved by Debby Carlson that

> Treasury carry amendments to the Alberta Heritage Savings Trust Fund Act in the spring Legislature.

MR. LOUGHEED: Can I make an amendment to that, that this committee recommend to the Treasurer to bring it forward in the spring session? Just "recommend" in there. I don't know whether we want to say: do it.

THE DEPUTY CHAIRMAN: I think the motion is clear enough. It does reference the recommendation we made back on June 21, 1999, so let's make sure that it reflects that intent from that meeting, which really is just a small change to the act. So all in favour of that motion? Carried.

Is there anything else we need to discuss about the communication plan?

MS S. TAYLOR: Like I said, what I'd like to do now that we know where we're heading is revise the plan based on the new information. We can circulate it through Diane to committee members, and then you can provide feedback. Because of budget the timing is going to be difficult for us, so we'll try and get a head start on things right now so that we're ready in March to go forward with it.

MRS. SHUMYLA: Just as an addition. The timing is difficult, but because of our committee budget we have to have these meetings by the end of the fiscal year, by March 31, to be able to use those funds for advertising.

MR. CLEGG: Well, Diane, I think you and your resource people will have to get on this, and the motion you have does have that flexibility. Yes, you're right. We do have to have them by March 31. I think this committee is very comfortable in allowing you – you know, if you have to set these dates at a different time to make members or space available, then so be it.

MRS. SHUMYLA: The other thing is, too, that last time I believe we had the chairman, three members, myself, and a few people from Treasury attending these meetings.

MR. WARING: Just on that question of communication. In the past what we've done is prepared a presentation, and then members have gone through it. If we had a large group of people, it was a couple of slides for each person. We talked about it last year, and I'm actually in the midst of putting together a draft presentation now.

I was wondering how the committee would view sort of dividing the presentation in half. There would be a component that would deal with governance, the policy, sort of the big picture of the heritage fund, that would be given by the committee members. Then there would be a second component, that would be given by either myself or Paul Pugh, that would deal with: well, here's actually how on a day-to-day basis we run this fund. That way, the people that come would get the big picture from you people and then, you know, a little bit on the detail but not too technical, a little bit on exactly how the fund is run. Would that work for the committee?

THE DEPUTY CHAIRMAN: I think that would be a good approach, but I'm sure you could work with the chairperson.

MR. WARING: Yes. I just thought I would give you a little input on an approach.

THE DEPUTY CHAIRMAN: Yeah, I think that's a good approach.
Okay. I don't know if there's any other business. The next meeting will probably be to review the third-quarter results. Again, we'll just notify everybody and arrange the dates for when that will happen through the mail system.

MS S. TAYLOR: If I could just add. One thing that we have carried through on with the communication plan is doing some polling on knowledge of the heritage fund. I'll circulate that with the draft communication plan, and you can see where we're at with Albertans' knowledge of the fund.

THE DEPUTY CHAIRMAN: Excellent.
Motion to adjourn?

MR. LOUGHEED: So moved.

THE DEPUTY CHAIRMAN: All in favour? Carried.
Thank you all for coming.

[The committee adjourned at 9:22 a.m.]