10:04 a.m. **Tuesday, June 3, 2003**

[Mr. Hutton in the chair]

The Chair: Good morning, everyone. Welcome to the Standing Committee on the Alberta Heritage Savings Trust Fund. I know that everybody's time is valuable, so I would like to call this meeting to order, and I'd also like to go around the room and ask everyone to introduce themselves. We will start with the wonderful fellow from Grande Prairie-Smoky.

[The following members introduced themselves: Mr. Bonner, Ms Carlson, Mr. Knight, Mr. Magnus, and Mr. Marz]

Mr. Melchin: Greg Melchin, Calgary-North West, Minister of Revenue.

[The following staff of the Department of Revenue introduced themselves: Robert Bhatia, Cathy Housdorff, Dan Kanashiro, Peter Orcheson, Jai Parihar, and Doug Stratton]

[The following staff of the Auditor General's office introduced themselves: Rene Boisson, Fred Dunn, and Peter Zuidhof]

[The following staff of the Department of Finance introduced themselves: Gisele Simard and Dave Pappas]

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: Thank you all. You have your binders. I assume that everybody on the committee was sent one. Could I ask for a motion to approve the agenda? Bill Bonner. All agreed?

Hon. Members: Agreed.

The Chair: Okay.

You've all read, I'm sure, the minutes from the last meeting, February 11. Could I have approval of those minutes, please?

Mr. Magnus: So moved.

The Chair: Richard, you can't; you weren't there. [interjection] You were?

Mr. Magnus: The last one?

Ms Carlson: February 11.

Mr. Magnus: Oh, no. I wasn't. Sorry. I can't.

The Chair: Thank you, Debby.

We'll move to item 4, Third Quarter Update and Draft 2003 Alberta Heritage Savings Trust Fund Annual Report, Alberta Revenue. I think I'll turn it over to you, then, Mr. Minister.

Mr. Melchin: Thank you, Mr. Chairman. I'd like today to go through maybe my comments on both the third quarter and on the draft annual report for the Alberta heritage savings trust fund, and maybe we'll open it up for questions at that point.

Everybody's aware of the volatility that's been in the marketplace over these past two years. In that respect, it's probably been some of the hardest times for investing in recent history, one of the third worst declines in the markets. I'm getting tired of actually singing that song. It's nice to see that at the beginning of this year there was improvement in the markets, though even now there's no way to forecast the amount of volatility in the marketplace. Is that going to settle down, or are we going to see some growth yet back in the economy, which will then translate into maybe more stabilization in those markets?

It's for those reasons that the heritage fund has had a long-term investment strategy. Even though we review quarterly reports, our objective is not to invest on a quarterly nor an annual basis but that we would look at this fund's livelihood to be here not just over the next three-year business plan but decades and clearly beyond the realm of just any short-term investing. From that perspective, our diversified portfolio, which would have a component of equities, up to 50 percent in equities, is also balanced with fixed income, real estate, private equities, and absolute return strategies. Those strategies should prove very well for the heritage fund on a long-term basis. We're still very confident that in any cycle returns from the equity markets will outperform on a longer term basis. Therefore, in the times such as now, that we've had this past year, as difficult as they are, we need to still be patient with that investment strategy. Do we believe in that policy of diversification as being the best one? If, for example, we were to switch, you know, a hundred percent into even fixed income, we would find maybe not the losses, though there is still the risk going henceforward that the interest rates are low today and your returns would be low, and if the economy strengthens and interest rates rise, even our fixed income portfolio could be subject to some risk in its fair market value.

So with that said, I'd like to maybe first turn to the third quarter, have you maybe turn to the first page. I want to touch on a few highlights, and I'll mention this again when we come to the annual report. The third quarter saw a fairly strong uptake in the markets, in our portfolio. The fair market value of the heritage fund increased by $522 million over that period of time. It was up 4.5 percent. The fair market value ended up at $11.6 billion, up from $11.1 billion at the second quarter. You'll see as we get into the annual report – once again, the markets declined in the fourth quarter – that all that increase was lost in the fourth quarter. So we've seen huge swings in the markets recently.

10:10

That left us at the third quarter with a fair value of the fund at $11.6 billion, as I mentioned earlier. Our real estate returned 2.5 percent in that quarter. The Canadian stock market, measured by the Toronto Stock Exchange, increased by 7.5 percent in that quarter, a very substantial increase. So the third quarter, the period of October, November, December: a very strong period for the markets and a rebound from some very low times at September 30 or the first few days of October. If we were to chart that, you would see how volatile the markets continued to be month after month, and we're seeing that yet going forward into the fourth quarter.

I want to emphasize one other issue, and that is that with respect to our managers of our funds here we employ a couple of different strategies. One, we have a very strong degree of expertise in the investment management division of Revenue, and we're very confident in the abilities of our professionals here to understand the markets, to invest appropriately. They also deploy quite a bit of our funds in other fund managers so that we see, especially in the U.S. and the Far East and European markets, that our strategy is not for us to do all that investing in the equity markets but to find the expertise in those specialized areas, and then our work would be to manage the fund managers. There are questions you might field to them over time, but we have a very strong, capable group, and I would say that we're fortunate to have that degree of expertise inside our own department. So I'm confident in our abilities.

If you go through the third quarter and the same with the annual report, you'll see that for the most part we still outperformed the benchmarks that we set for ourselves, to add value over and above the benchmarks, and every 10 to 20-plus basis points' improvement over those benchmarks represents a very substantial increase for us. We haven't yet found out if our fund managers can, as some might wish, control the direction of the markets. They don't set the markets, but they do try and outperform the markets, and really that's the issue.

Rather than focusing too much on the third quarter, I'll have you go to the annual report, and I'll maybe take a little more time to go through some of them since the third-quarter numbers are all reflected and incorporated into the fourth quarter. I just thought I'd highlight again that the fund has been in existence for 27 years now. It's generated about $25 billion in investment income over that period of time. If you were to look for it, that information is on page 13 in your draft annual report. So you can see the historical summary of operations from the fund. This is the first year, though, that has had a loss in income in its investment activities. On March 31 the heritage fund closed out the year with a fair market value of $11.1 billion, a decrease of about $1.3 billion from the previous year, and that's about a negative rate of return of 11 percent over the year, thereby reducing our positive annualized return to only .3 percent over four years. This last year there was a very substantial decline in all markets around the world.

On a cost basis the investment loss for the year was $894 million. We did choose to take a fairly substantial write-down from the cost basis included in the year-end so that we would reflect: are these losses other than temporary? Of that $894 million, $669 million was in write-downs specifically, which are primarily against the technology stocks, which have underperformed over the last few years.

Transfers to the general revenue fund. As you know, the fund's net income is transferred to the general revenue fund, and as such with losses there would be no funds to transfer to it, and therefore the losses are I guess absorbed by the fund itself.

In going forward, we have on the agenda – there has been quite a bit of reflection or discussion about an inflation-proofing, and we can talk about that in later times. We've just completed, as you know, a fairly significant survey of Albertans on their views of the heritage fund. Of no surprise Albertans value this fund very highly, wish that it be retained in the future, so we will bring forward further recommendations on that mandate and purpose of the fund.

I thought I'd have you switch to maybe page 4. It talks a little bit about our policy allocation of the fund itself. In fact, maybe I'll have you go to page 6. It's got the same asset class I thought I should review for everybody's information.

In 2003 just in comparison to our policy targets we've had a fixed income objective of a policy target of 35 percent, and we've ended up with 35.8 percent of our asset class in fixed income.

In equities you see the various components: Canadian, U.S., and non-North American were 50 percent, and our actual is at 52.9. Part of that is that we've just by policy implemented an increase to private equities and absolute return strategies. We are not yet at our policy benchmarks. Those were newly implemented last year, and as such it takes us a little bit of time to find the appropriate fund managers, especially in areas like private equities and absolute return strategies. It's very specialized, so those take some time to fully implement though those will continue to be our objectives in its implementation, which would reduce the amount in the public equities closer to their policy benchmarks.

You can see how that's moved a little bit from the previous year, where our fixed income was at 43 percent in actual. If you go further back into the business plan, though the fund managers have a policy target, there is a latitude of a plus and minus off of those targets to work within a range so that they can work with the marketplace and overweight some areas or underweight others as the portfolio needs to be rebalanced.

I thought I'd also for your information, on pages 7, 8, 9, and 10 if you've had the time to review it, talk about the various specific asset classes and their performance against benchmarks over time, and overall our group of investment managers have performed well, given the circumstance, in outperforming benchmarks.

Page 11 is a highlight of administrative expenses. I'd like to make one comment on that. Our administrative expenses as a percentage of the net assets at fair value is going up, and that is by specific design. As you go into more specialized products like the private equities, like the absolute return strategies, and even the equities and fund managers, the cost basis for those external fund managers is a higher cost than our own internal performance. So when we had a higher weighting of fixed income over the years and we were going from our transition portfolio to the endowment portfolio, the transition portfolio was primarily managed in-house, so our cost basis for our own administration continues to be at the lower end. As we find that we're moving towards more specialized products and in the equity markets around the world, we deploy other fund managers. This still is a very competitive expense compared to fair value. If we were to put all of our funds out to external fund managers, our administrative expenses of managing this would go up significantly yet, so we do look at this. We are very competitive compared to other portfolios, but that trend will continue for a little bit because we haven't yet fully deployed our asset class policies.

I'll open up the questions from there, Mr. Chairman. Thank you.

The Chair: Well, thank you very much, Minister. We appreciate that.

Before I ask for a motion for both the third quarter and the draft of the annual, the Auditor General was kind enough to come this morning. Do you have any comments you'd like to add, or are you just here for the resource, Auditor General?

10:20

Mr. Dunn: That's why I wanted to attend: to hear the presentation this morning and also to act as a resource as the auditor of the fund should there be any questions wanting to be directed at the auditor.

I do appreciate the point that the minister did raise regarding the provisions made in the current year, and certainly we had discussions through the deputy minister and his team around the importance of making provisions at the time when investment losses are recognizable although not yet realized. The minister did mention that they do follow in the accounting policy here the cost basis, meaning that normally under the cost basis you would not recognize a loss until you actually traded the asset, i.e. the realization, but very prudently and with our support they have applied the accounting principles which we believe the most appropriate, which is to recognize those losses at a time when there's other than a temporary impairment in those losses.

We certainly have given this support through our opinion to what the minister has explained here regarding those provisions, which I believe he said aggregated $694 million, if I picked up the number right.

Mr. Boisson: Six sixty-nine.

Mr. Dunn: Six hundred sixty-nine million dollars through the current year. Those losses have been provided for. Although the securities underlining those losses may still be held within the fund, there is the ability for those to be recovered in the future should the appreciation take place in those securities, and then those appreciations, if they do appear, will be recognized in the fund when those securities are sold. So it'll go back to a realization basis.

Thank you very much. Those were the only comments I wanted to provide at this time.

The Chair: Thank you very much, Auditor General. If you have any questions for the minister or the Auditor General, I do have a list, but I also would like to acknowledge that I'm glad to see that Glenn found parking.

With my list Richard is first.

Mr. Marz: Thank you, Mr. Chairman. Good morning, Minister. I guess my question is: at what point do you employ an action to counter the loss of the fund? Albertans get quite concerned when they see a loss of over a billion dollars in the fair market value in the heritage trust fund. It's hard for them to understand. You know, where did this money go? There's no loss until it's actually sold, but at what point do you dump the poor performers and try to switch those investments to something that is performing better, or do you just keep on hanging on, hoping those poor performers will someday turn around or at some point we'll have to accept that loss? So I'd just be interested to know what your strategies are in dealing with those poor-performing investments and switching what we can get out of them into something that perhaps is going to perform better.

Mr. Melchin: I'm going to have Jai supplement this, and he may also have a variety of other members of the investment management division supplement.

A very good question. They constantly are reviewing our asset mix, everything from the real estate to the private equities and even all the equities, to rebalance the portfolio. So there is a constant rebalancing of the portfolio to try and outperform markets, but I'll have Jai more specifically comment on some of the areas that were done.

Mr. Parihar: Yeah. Thanks, Minister.

Mr. Chairman, if I can supplement. We employ the strategy of diversification. What that means is that we don't have all our eggs in one basket, so we have different asset classes. The equities obviously have declined. We have had this bear market which is the worst market since 1929, but equities do outperform bonds, and this would not be the right time to switch away from equities. In fact, since the end of March 31, the last two months, equity markets have gone up quite substantially. So the market has come back. I'm not saying that it will continue to go up like that, but markets do come back. So it would not be the right time to switch out of the equities.

Mr. Marz: Well, if the markets are coming back, your graph shows that since December '02 to March '03 there's still been a decline in the markets, the S&P and the TSX, so to me that would indicate that the markets are still going down, not up.

Mr. Orcheson: Year-to-date markets actually are up significantly. Why don't I supplement that. The S&P/TSX is up about 5 percent, the S&P is up about 10 percent, and the Dow is up 6.7. So I don't want to call the bear market over, but the performance in the equity markets has been fairly reasonable year to date.

Mr. Parihar: Mr. Chairman, if I can just give some numbers here. This will be to answer the member's question there. What you mentioned was: what happened in the fourth quarter of the last fiscal year? The markets were down; that's correct. But since March 31 of this year – so I'm talking about the last two months – the bonds have been up by 4.8 percent, the Canadian equity market is up by 8.4 percent, the U.S. market is up by 6.3 percent, and the MSCI, which is the international market, is up by 8.7 percent. So the markets have rebounded in the last two months, and like the minister said, we can't guarantee what's going to happen in the future, but equity markets generally do better, and we think we may have seen the worst of it. We are not saying that the volatility is going to go down, but certainly the evidence is that the market seems to be rebounding right now.

Mr. Marz: Thank you.

Mr. Melchin: I would just like to highlight also with respect to what's happened in the markets. Last year, if you just take a look at what happened quarter to quarter, the first quarter we thought was a very significant decline followed by a second quarter which was even worse. The third quarter had a very substantial increase. The fourth quarter's decrease basically wiped out the third quarter's increase. So you're still finding a lot of volatility. No one knows how to project whether or not that's the end of the bear market or whether we're starting to come out of it. But this quarter, the first quarter, once again is a really strong uptick thus far. Our quarter goes to June 30. So what we are finding is continued volatility. You're absolutely right: substantial declines in the fourth quarter but followed by strengthening in the markets.

We're optimistic that our investment strategy is not a quarter-by-quarter approach though. If you're going to be in the equity markets and you can only suffer or be patient from quarter to quarter, then I'd suggest that you get out of the equity markets. If your investment was really only year to year, then I'd suggest that you get out of the equity markets. But if you're going to invest for 10 to 20 years plus horizons – and the heritage fund is going to be here longer than that – then you start looking at the value of being in over the long term and being patient.

Then, secondarily, it's impossible to guess when is the high and the low of those markets. So if you're going to try and time. . . Take this January to March. You could have said: "Well, the markets are going down. Let's exit out of the equity markets." We would have lost all of that uptick that's just happened in the last two months. So ours is a longer term strategy, taking huge swings in our asset allocation from quarter to quarter or even annually, though you will do a little bit of that mix and change throughout that time.

The Chair: Well, thank you very much, Minister. Sounds like we're going from being a grizzly to a brown bear, and that's all good news. To be a bull in Alberta would be scary right now anyhow.

Debby.

An Hon. Member: Don't go there, Debby.

Ms Carlson: I won't comment, as much as I might like to go there.

I have a comment and some questions. I support the estimated write-down provision. I think that's a prudent way for the government to account for what's happening. Could you give us some information, both from the Auditor General and the minister, in terms of what criteria you use to evaluate when an investment falls into that category and what has to happen before you take them out of that kind of a provision? It looks to me like there's a potential in the next quarter that some of that stuff that's in there might come out.

10:30

Mr. Melchin: Maybe I'll have the Auditor General and Robert or Jai comment as they did the specific work on that.

Ms Carlson: Okay.

Mr. Dunn: Whom do you want to go first? Do you want me to go first?

Ms Carlson: Yes, sure, you can go first. That would be great.

Mr. Dunn: Okay. Then what I might do is direct the committee to page 20, which is note 3 of the financial statements, the year to date. If you can look at that, that's the allocation of the investment portfolio into segments. There are the top four, and then it goes on to real estate, absolute return, and then total investments. If you're on the right page, you'll see that in 2003 compared to 2002 the cost of our total portfolio was $11.346 billion, and the fair value was $11.058 billion.

The critical question becomes: how much of an impairment do you take by segment? If you look at the top part of that statement, you'll see that under Fixed Income Securities, the fair value is slightly larger than the cost. The next one down, under Canadian Equities the fair value again is just slightly larger than the cost. Therefore, we believe in that case that we've appropriately valued those.

A question or challenge would come if you looked at the next two sections, United States equities and non-North American equities, where the fair value is slightly lower than cost. For United States equities it's 11 and a half percent lower, and for non-North American equities it's about 14 percent lower.

Under accounting principles it says that you should be looking generally at the lower of cost or fair market value. That's the general principle unless you can see some reason that it may end up being picked up. My criteria was that I would like to see us comparing it by each of these segments individually and in total, and I became comfortable when at the end of the day for our total portfolio we were within 2 and a half percent of the total cost. So you see that for the fair value in the aggregate, the $11.058 billion compared to the $11.346 billion, we're within 2 and a half percent, you know, our fair value, of our cost. I felt that we were appropriately valued at that point, and then I was comfortable that within each of these categories we were within reason.

The criteria normally under accounting terminology today other than temporary impairment is that if a security is down by more than 20 percent for a period extending greater than six months, you should be looking at the reason for a nonimpairment provision. So 20 percent for more than six months. Overall it would be that you would analyze the individual components making up that decline, looking there to see: is there the likelihood that that recovery will take place in that security in the foreseeable future, i.e. one year? That was the criteria that we went over with management: to analyze everything which is down by more than 20 percent and come up with a good, rational reason why you would not make an impairment. If you weren't comfortable – there would not be a recovery in the foreseeable future – then we advise them to take that impairment provision. I became comfortable at the end of the day that we were relatively close overall. Although our fair market value in the aggregate is slightly lower than cost, it was likely that we could recover that in the next period.

I'm not sure if you have in your binder the same schedule that I have at the front of my binder here. Was it put in everybody else's binder, this comparison, May 31 to March 31? [interjection] Oh, they wouldn't have that one? Okay.

Well, we certainly want to look at: in the current period – i.e. May – where would we be compared to March? The analysis that was provided to me – and maybe it's back to your question, Richard – is that there has been a recovery in the market value, and now the market value does exceed slightly the cost basis. So I felt that with the evidence that there was a subsequent recovery in the period just shortly following March, it was appropriate that we could have a cost base slightly larger than the market value base.

Hopefully, I haven't gone on too long about the overall accounting concepts around it. Clearly, you look at some types of funds out there where there's been a significant decline, if the management and the auditors do not recognize that decline at the time it takes place, then really you're just going to be carrying it into a future period, and it would be accounted for as soon as you sold that security. So I think that what they've done is a very appropriate way of accounting for it.

The Chair: Thank you, Auditor General, and we will give a copy of what you have to the committee.

A supplement by Robert or Jai?

Mr. Bhatia: Thank you, Mr. Chairman. Just a brief additional comment. One other thing that we do is review each security holding in case there are any where there are special circumstances, like a bankruptcy proceeding or something like that, to ensure that those types of securities are written down as well. So the portfolio is looked at comprehensively as well as in aggregate as the Auditor General indicated.

The Chair: Rob Lougheed?

Mr. Lougheed: I apologize for being a little late, and perhaps the minister made comment already on what my query is. It's with respect to the effect on investment strategies or on the fund of the rising Canadian dollar, which is current as opposed to what you've got written up here. If possible, could we have a little commentary on that?

Mr. Melchin: Let's see. Peter do you want to . . .

Mr. Orcheson: Sure. Mr. Chairman and Rob, what period of time would you like me to address?

Mr. Lougheed: Well, I'm certainly interested in the previous report period and then also some speculation about currently.

Mr. Orcheson: Okay. Anytime the Canadian dollar appreciates against the global basket of currencies, the global basket of countries where we're invested, the value of those assets depreciates sort of in lockstep. So we have had a rally, and that does not have a positive impact on the fund. We have taken some measures. We did hedge approximately 2 percent of the value of the fund around 63 cents and took off most of the hedge in the 71 cents area.

Against the U.S., for example – why don't I even just address Q 4? The S & P 500 in Canadian dollars in Q 4 was down 9.2 percent. I believe the currency impact would have been something in the area of 8 or 9 percent, so we would have had something closer to flat returns. On the total fund basis I don't have all the numbers in front of me, so maybe I can defer that. Generally, it does have a negative impact on the value of assets that are external, and we have taken some action. The effect against our U.S. investments would have been the greatest. Against the European it was only a 3 or 4 percent difference because the U.S. depreciated against the global basket, not just against the Canadian dollar.

The Chair: Peter, if we could just have in writing a little more detail at a later date, it would be just fine.
Next on the list is Bill Bonner.

Mr. Bonner: Thank you, Mr. Chairman. I'm referring to page 3 of the third quarter. Under Absolute Return Strategies our actual is 2.5 percent of the funds invested here, and our policy target is 3 percent. If the minister could please indicate to us why there is no indication of how the absolute return strategies performed during the third quarter. As well, why aren't these funds compared to their benchmarks in the same way that the fixed income securities or Canadian public equities are? As well, if the minister could please provide us with some analysis on how well these funds performed.

10:40

Mr. Melchin: I'll have Jai supplement this. It's a new asset class for us, so we're just entering it. We don't have quite the historical information since it's fairly new for us, but I'm going to have Jai specifically comment. We will have benchmarks. I agree with you that it's important for this asset class likewise to be benchmarked.
Jai.

Mr. Parihar: Yes. Mr. Chairman, if I can supplement that. We invested in the absolute return strategies last October. Given the nature of the investment, there's a time lag for the return numbers, so we don't have the numbers in the book here, but I can tell you that for March 31, 2003, the fourth quarter of the last fiscal year, the absolute return strategies returned 1.98 percent compared to its benchmark return of 2.66 percent, CPI plus 6 percent. The reason we don't have it in the book here is that it's a new pool and the returns are on a lag basis. So we'll include that in the next quarter's numbers.

Mr. Melchin: You will note on page 4 of the draft annual report that the benchmark for this asset class is the consumer price index plus 6 percent. So we have set the benchmarks. We just need now to accumulate a little bit of the tracking and history to start ongoing comparisons.
Thank you.

Mr. Bhatia: Mr. Chairman, if I could just supplement further. Because of the short period we didn't include any analysis of the performance. That just wouldn't be meaningful for such a short period of time. The basic number is reported on page 12 of the draft report, where we show the detail of the various asset class returns. If you look toward the middle of the page, you see absolute return strategies as having returned 1.6 percent. That's basically for the six-month period from October to March. The benchmark based on CPI plus was 4.7 percent, and that's found in the last block of numbers on page 12. So there's the indication of the very early performance, but obviously, like equities, absolute return strategies are another asset class that you look over a much longer time frame.

The Chair: Thank you.
Next question, Richard Magnus.

Mr. Magnus: My question has been asked actually, but I've got another one now. I'm just kind of curious. Who is the Ridley Grain corporation?

Mr. Melchin: Ridley Grain has some good history out in Prince Rupert. We own an interest. I guess it's not so much an interest. We loaned some money. We have an investment in the Ridley Grain terminal out in Prince Rupert, B.C.

Mr. Magnus: Am I reading this correctly? It's $91 million?

Mr. Melchin: That's what it's been written down to, the amount of funds. There was one loan through the heritage fund, and there were also some loans through the general revenue fund, which were never part of the heritage fund. Those have been written down to $1. The Ridley Grain terminal is one of the last of the special loans that were made in the '80s. This is one of the last holdovers in the books. Certainly, it's the only one of any consequence. There's also Vencap, a very small amount that's left from those earlier loans, that we're waiting for the appropriate time and methodology and opportunity to exit.

Mr. Magnus: If I read this correctly, we had 2 and a half points on our mortgage fund in the last quarter. So is that our residential or our real estate holdings?

Mr. Melchin: Where are you referring to?

Mr. Magnus: Third quarter.

Mr. Melchin: Page 6? Actual return of 2 and a half percent in that quarter.

Mr. Magnus: In the quarter? So it's at 10 percent overall if you actually got the same thing in the other three?

Mr. Melchin: Yeah. That would have been annualized to 9.8 percent.

Mr. Magnus: The rest of my questions actually have more to do with communications, which I see is somewhere a little further back on the agenda, so I'll save them for then.

Mr. Melchin: Thank you.

The Chair: Having no more questions, I'd like to now have a motion that

> the Standing Committee on the Alberta Heritage Savings Trust Fund receive the third-quarter investment report 2002-2003 as distributed.

Richard Magnus. All in favour? Opposed? Carried.

Mr. Melchin: Mr. Chairman, if I could just say that this draft annual report is just that: it's the draft. It goes out, tentative date – I don't know if it's finalized yet – around June 24 for public release, so in between that time I'd appreciate it being held confidential as it's still just a draft until it's released publicly.

The Chair: So noted, Minister, that it is confidential and a draft.
Could I have a motion that

> the Standing Committee on the Alberta Heritage Savings Trust Fund approve the 2003 Alberta heritage savings trust fund annual report.

Richard Magnus. All in favour? Opposed? Carried.

We're now going to move on to Business Arising from the Minutes of Previous Meetings. If you move to tab 5, the minister responded in writing to both items, Investing in Venture Capital Funds and Inflation-proofing the Fund. What I'd like to do is ask the minister to elaborate on both points, and then I'd like to have an open discussion with regard to both items if we may.

Thank you, Minister.

Mr. Melchin: Before I go into this, there was another topic also that I thought I was asked. I know it was in our estimates – I can't remember who – but it was a discussion about ethical investing, and we will bring that back. It needed a little bit more work before we had a proper analysis and discussion, but that'll be brought back also for a later date. I just thought I'd inform the committee.

Investing in venture capital funds. We do already. Part of the material you have outlines quite a bit of the private equity investments that we have. If you start looking at the managers on the first couple of pages – I've given you my quick synopsis – private equities by province, the pools, you can see a listing. I don't have these pages numbered. There's appendix II, the private equity managers and mandates. You can see a listing of who are some of our private equities. You can see that some of them are venture capital oriented, some medium-size management buyouts, and you can see the various types of investment managers they are.

We've also given quite a bit of material on where those properties are located for real estate, so you can see the composition of our portfolios. Oh, they don't have that. Sorry. I guess you don't have all of the material that I have in front of me here, so I'll take a look at this, and maybe even some of this could be shared with you. We'll give consideration to whether this can be shared.

At this stage we have an asset class of 5 percent to go to private equities. That component would include venture capital, a variety of different ways to invest in private equities. Some of it's venture capital, though it could be anywhere from start-up to midsize to even large size, but I don't know if Peter or Danny wish to comment on any of our strategies with respect to venture capital per se. We don't have a specific policy to say that we're going to put so much into venture capital as a quote. We have the broader class of private equities that we choose.

Mr. Kanashiro: Mr. Chairman, the 5 percent that's allocated to this would include venture capital. With private equity most of it will include buyout funds, which are medium-sized companies and expansion capital and things like that. There's another component, what we'd call the private income fund, which will include some infrastructure deals and larger private equity corporate investments.

10:50

So this 5 percent allocation will be evolving over two or three years. We can't manage this like we can in the stock market. We have to be opportunistic. When these deals arrive and when they're presented, we'll take advantage of whatever we can. This whole sector is a long-term kind of commitment, and we make the allocations to private equity managers and managers in infrastructure and things like that so that they can find the deals and put them into their investment pools. Generally these are all investment pools with the exception of the private income fund in which we can buy some loans and things like that.

Ms Carlson: On the venture capital can you tell me what criteria you use to decide who to invest in and how much?

Mr. Kanashiro: In the past five or 10 years we have reviewed everyone that claimed to be venture capital investors in Alberta and, for that matter, across western Canada. The criteria that we use is that they have to have some experience – five years, 10 years of venture capital investing – and that they understand the market, they know how to value these companies, and they know how to manage the managers of the company. Basically they're shareholders, investors in private companies. In some cases they'll take lead roles in these companies and have a majority interest; in others they're taking minority interests. So it's a very, very specialized kind of market.

Now, unfortunately, in Canada as well as in Alberta there aren't a lot of people with a lot of experience in this sector. There is a very good group of people in Ottawa, for example. They have two or three generations of venture capitalists, and they've had a longer history and so has Vancouver, but in Alberta we've only had two or three organizations that have invested in early stage start-up kind of capital. The ones that we have that we show in this, Launchworks and Springbank, are two of probably the only two or three that exist in Alberta.

They have to have some kind of a track record. We want to make sure that they know what they're doing and that they have been able to make money in this sector, so basically those are the two criteria.

The Chair: Thank you very much. At this point I'd really like to have a discussion with regard to inflation-proofing. The Member for Whitecourt-Ste. Anne isn't here, but he has brought this forward on a number of occasions. Minister, you've referenced here that the government has the ability to inflation-proof within its mandate but hasn't done that of late. You've done a survey in the last year and heard what Albertans have had to say with regard to this fund and how important it is to Albertans. Is there any plan in the short term or long term to look at inflation-proofing this fund?

Mr. Melchin: I'd like to backtrack a little bit in my response to what we have been doing over the past little over a year on the heritage fund prior to actually making some of these final choices. I felt that it was really important before we go too far forward to clarify: why are we saving? A lot of our work done over this last year was trying to identify what the key reasons are that we ought to save as a provincial government, and then do any of those reasons apply to the heritage fund?

When we went through a lot of the work, we summarized some of the key reasons for savings into a few categories. One was save literally for the long-term future, and you can put different aspects of that to it in light of maybe our oil and gas assets are declining and maybe save some of those moneys for a longer term future, which is one of the primary reasons of the heritage fund. Another got into the volatility of our revenue streams. Do you save some money aside when you have lots of money and have some cash reserves to handle the swings in revenue, be it personally, corporately, or even for a provincial government? We found very much support for that idea. Another reason for saving, which gets into why persons and corporations and government might save, is for large investments or capital requirements.

Those were the things that we found were the most commonly accepted both from future summits, from various polling, through focus group testing that we did, and through submissions of paper from various people in the financial sectors. We took those ideas and went through to put out a householder and applied that. "Do any of these apply to the heritage fund?" We acknowledge that this was always about not getting rid of the heritage fund, always about: let's be clear about why we're saving. If you know why you're saving, then you can define how much you should save. You can define what your investment strategies ought to be. If you're saving for the volatility of revenue, which is a budget type of question, then you need short-term investment strategies because you need access to the cash in any one year. If you're saving for a long-term future, then you've got a different investment strategy.

When we came back, we decided this past year that we would create a sustainability fund separate from the heritage fund, and we actually put some money aside for a capital fund and chose not to comingle those purposes, because there still are very mixed reactions among Albertans about comingling some of those purposes with the heritage fund. So the heritage fund has become much more singular in focus. It's what our plan has been. How it's been operating actually over the last number of years since it was restructured in '97 is that it will have a long-term objective.

Now that it's got a long-term objective, the next key question that comes at it is the inflation-proofing. Is it a value that's just held constantly, say at around the $12 billion mark, and as such over time is basically eliminated, because the value of the fund deteriorates over time, or do you start allowing for some inflation-proofing? It would be my recommendation that given the response that we've seen from the survey, given the response that we've seen from all other sources, we do look towards seeing that this fund is protected in value and starts some degree of growth.

Now, that question is a timing question. We are looking at some mechanisms. One that is a provision in the act right now would be that as we come to the end of the year, we can retain surpluses for an inflation-proofing. That could be one aspect of what we could do when we get through the rest of this year and assess if there are funds available in surpluses.

The other would be potentially to introduce a spending rule much like what we have in the medical fund and in the science and engineering fund so that a certain percentage, say 4 and a half percent of the fair market value of the fund, could be spent annually expecting that you'll get returns of 7 percent or so each year, which would allow on a long-term basis for an inflation-proofing aspect. There are different mechanisms, but all of that depends on – which I said in here; these are changes of asset classes – do you choose to take cash and retire debt, or do you choose to take cash and increase an investment in a financial asset?

In either approach our net worth isn't going to change if you choose to take cash and get rid of debt versus take cash, put it in a savings account. It has been the priority over the last number of years to repay debt, and that'll be a budget question that we'll have to bring forward. I don't have a conclusion for you today yet on whether or not that will be adopted. I haven't brought it forward. Whether it's this year or some years down, I would suggest that we'll need to start taking a look at in the very near future, whether it's this year or another year or two down the road, this whole question of starting to retain some funds for inflation-proofing. So that's certainly a direction I support in going.

Now it's just a matter of timing of implementation as to: does this take priority in this year's or next year's budget versus repayment of a debt question from surpluses?

11:00

The Chair: Thank you, Minister.
Debby Carlson.

Ms Carlson: Thank you, Mr. Chairman. It's my strong opinion that inflation-proofing is very important for this fund and that regardless of the debt situation of the province the position of inflation-proofing better meets the overall mandate of the people of the province, and I think that we should do it. I would hope that we would see a motion come forward from this committee that supports inflation-proofing in the near future. I think that it's better made by a government member because it has, I think, more resonance with the government when it comes from one of their own members. I hope that we see that in this meeting or the next meeting, perhaps, when George is here because, certainly, I'd be prepared to support that.

Mr. Melchin: I would only say that I don't mind having an indication, for example, from the committee, but in all fairness these are budget types of questions that we have to sort out. That approach and such is not in our three-year business plan today. We do need to go through this business planning cycle to assess whether or not in our business plans and preparation this can be accommodated as a priority.

I would say that Albertans do value this fund and do want to see that it be inflation-proofed over time. I think that's true. But I also acknowledge that Albertans value very highly repayment of the debt, so if you slow down the repayment of the debt to build up the other asset, there's a strong, strong, sentiment, still, for many other ways to continue at the debt and eliminate the debt. That said, I don't think that it would be prudent that we go another decade without starting to likewise inflation-proof this fund.

It's a shorter term type of question, whether it's this year or next or sometime in the very near future that we start that.

The Chair: Thank you, Minister. I actually support the hon. member with regard to continuing to look at this issue in further meetings as we move along in the budget cycle. If you could bring forward at each meeting as to how we're progressing with regard to whether we look at the . . . I compare it to what they do with the Community Foundation in Edmonton, where the percentage is utilized annually. Those kinds of things. If you could keep us apprised in future meetings, that would be much appreciated.
Richard Marz, and then Richard Magnus.

Mr. Marz: Thank you, Mr. Chairman. The minister may have in part responded to the comment that I'm going to make, but I believe that as long as this province has a debt and the cost of servicing that debt consistently exceeds the income generated from the heritage trust fund, it wouldn't be prudent to start inflation-proofing this fund when the money would be better served and get a better bang for our dollar out of repayment of the debt.

I also believe that the so-called infrastructure deficit is another issue that may well be more prudent to look at depending on the situation prior to inflation-proofing this fund as well. As long as we have that significant infrastructure deficit that we talk about frequently and the debt, I don't believe that it should be a priority to start inflation-proofing this fund unless this fund starts performing much better in a consistent manner than it has in the past few years.

Mr. Melchin: I would like to say that these are different financial instruments. We could continue to have debt and also more investments. Our balance sheet and our net worth still doesn't change by choosing one or the other.

We have been fortunate, I guess, in some respects. Our strategy of paying off the debt has benefited us in these last couple of years of tremendous volatility and decline in the markets. It's absolutely true. Our cost of debt has been higher than the returns, but I would say that no one knows the future, but on a normalized basis going out, one would expect that you would get a better yield or return on the heritage fund than the cost of your debt. I won't guarantee that that's going to be the case this year. We're still in a very volatile time, and that's why I say that it's also part of a priority of choosing what's maybe your best financial asset to pick.

The Chair: Richard Magnus.

Mr. Magnus: Thanks, Chairman. My brain's kind of going all over the place on this, but I'm reading your goals, and I have to tell you that I like reading them. They're real straightforward. There are three goals here. One of them is to make money, the other one is to maximize the annualized real rate of return to 5 percent, and the other is to "improve Albertans' understanding and the transparency of the Heritage Fund." Well, the first one we haven't been very successful at in the most recent past. The second one, you're generating an annualized real rate of return of 5 percent. My question is: when you say real rate of return, does that take inflation into account?

Mr. Melchin: That's after.

Mr. Magnus: So it's actually better than 5 percent. So somewhere around 7?

Mr. Melchin: It is about 7 percent. I'm trying to think of the annualized return in here, but it's at least 7 percent on the total. If we can find that number.

Mr. Magnus: So it is in there to some extent. I'm with Debby on this actually. I mean, I'm the guy that brought a couple of years ago to a little convention that – I don't know if we can say a partisan word in this room.

The Chair: Go ahead.

Mr. Magnus: Well, the Progressive Conservative function that said that we should in fact build this fund up and maybe eliminate income tax somewhere down the road when it hits $50 billion. I was just reading something in the paper yesterday, as long as I'm on tangents all over the place, about – which is the European country that has a heritage fund that is now around $50 billion?

The Chair: Denmark.

Mr. Magnus: Is it Denmark?

Mr. Dunn: Norway.

Mr. Magnus: Norway. Sorry. I mean, I think they've got the right idea. I guess I'll go with the minister on this for another quarter or two, but somewhere along the line I agree with you, Deb. I think that this fund should be built up. Although, as I say, it was always there as a rainy day – it's certainly raining here in Edmonton today. But, yeah, I'd like to see it built up, and about two of these quarter meetings' worth down the road I think maybe it's certainly worth looking at and pounding somebody over.

That's all I have to say.

Mr. Melchin: I'd like to just comment, Richard. If you go in the business plan – I think everybody has a copy of the business plan – to page 393, that's the page number I have, I don't have the total assumption for the full fund, but the interest rate on fixed incomes, 6.1 percent; Canadian equities annualized return, 7 percent; foreign equities, 8 percent; real estate, 7 percent; and absolute return strategy, 7 percent. So the expectation for the heritage fund is that you're going to see a blended return of about that 7 percent range of return.

Now, still with respect to inflation-proofing, that's the priority budget question that we have to have the discussion regarding. The reason we haven't taken a Norwegian fund approach . . . There are differences. We met with the Norwegians' bank; they manage the Norwegian fund. This is a little over a year ago now, in fact maybe even a couple of years. That's actually their fund for their social things; it's their Canada pension plan. They don't have a pension plan, so they fund their pension plans, their health, and a variety of things for old age kinds of questions, and that's what's become their fund to do that for the country. We don't have those requirements. We could say: do we want to take our own pension fund? So they have different objectives which don't necessarily match ours.

I would say that before you start going on any approach like that, define why you want the money, for what purpose, because that will help you decide how much you really want in an account. Just to grow an account for the sake of having a big savings account – for what end? Be clear about how much money you want and what the objective of it is. A pension fund, for example: you know how much money you need because you know what the benefits are you're going to have to pay out, so you know actuarially how much money you have to have on hand to pay and meet the pension obligations. For us in the heritage fund it's, I would say, really important to define the obligations of the fund down the road to help you determine the quantity that you should save. That's part of what you'd need before, rather than just saying: let's save a bunch of money.

Alberta's position. Despite what happened, we have got different circumstances in that we, for whatever reasons, acquired up to $23 billion in debt. So as a priority Albertans have said over and over again: get rid of that debt. That's why we have not been building up a savings account in lieu of, and that's why we have been going at the debt. It's only been a priority. Those things can shift.

11:10

Mr. Lougheed: I felt the urge to comment on some of these things. I think the minister has wisely commented that much of this discussion is budget deliberations.

Richard made the comments about the three goals of the fund, the third one being to have Albertans understand the heritage fund. It's interesting to note that there's very little understanding of the fund out there as we well know from our deliberations over the past couple of years. There's even more lack of knowledge about the Norway fund or the Alaska fund which so many people think we should duplicate without having any recognition about what the fund is or how it was acquired or what their revenue flows are, but it sounds good, so why don't we do that?

Similarly, inflation-proofing: a big question. Sure, let's go ahead and do that, but you have to make choices about whether you inflation-proof or take those dollars and spend them on programs. So let's not try and spend these moneys two or three or four times all at the same time but make some prudent decisions based on some good advice and thinking.

The Chair: Thank you, Rob.

Mr. Magnus: Well, I couldn't agree more. It's hard to inflation-proof anything, and the first time you've seen, as we've seen since – what? – '77, where we've actually lost a whole pile of money out of it. How do you inflation-proof something if you're losing money? I don't know how you do that actually.

The second point was just exactly what Rob just said. I get asked all the time: how much money is in that fund? You know: what are we doing with it? Nobody knows. So I'm not sure, and that was kind of my question. When I keep saying that I wanted to ask a question on the communication side of this agenda, that's my question: how come nobody knows?

Mr. Melchin: Part of our objective for the householder was some communication. You know, it's hard to put out too much volume of material. It doesn't get read. It's a real challenge to make sure, and we have more work to be done. So I'd concur with the committee that part of our objective is: how do we increase the profile and understanding of this fund? It's a very valuable and significant asset.

The Chair: Thank you very much. I think we've had a healthy discussion this morning on this topic, and as I said earlier, I think that if you wouldn't mind, Minister, at each meeting that you now keep us apprised with regard to the business deliberations. I also want to on the record apologize to any Norwegians out there for my comment. I was just hungry. I felt like a danish.

Can we move on to number 6, the communications issue and turning it over to Cathy. Before that, though, I'd like to thank the Auditor General and his staff for taking the time. I appreciate it and look forward to seeing you in the near future.

Are you sticking around, Minister?

Mr. Melchin: I'll listen to a little bit of this, and then I've got to go.

The Chair: Okay.

Ms Housdorff: Thank you. Actually those discussions were a very good lead-in to the draft communications plan that we've got before you now for discussion. Through the formal and informal consultations that we had, we know that Albertans value the fund. We know that there's a strong emotional attachment to it, but we also know that there's still a low awareness of it. When your audience is roughly 3.3 million Albertans, it's very difficult to target your strategies. But the standing committee has two main functions to do that: to hold public accountability meetings across the province, and to improve Albertans' understanding of the fund and how it benefits Albertans. Also, mentioned earlier, goal 2 in the business plan is to "improve Albertans' understanding and the transparency of the Heritage Fund," and there are strategies in there.

So what I've got is a draft communications plan that I'd like to quickly walk through with you for your approval. There are some things that we can do at no cost. There is a $41,000 budget for communications. Last year we only used $24,000, so there are some opportunities to use some of those resources. Then there are the other things that are covered by the Department of Revenue which are communication support that my group provides: the quarterly updates, the annual report, and the web site. All of those do help to increase the profile of the fund.

If we could look at the draft communications plan and quickly go into the actual strategies, which is page 2. I think before we do anything else, one thing that would help us to set the scene is to do another poll. There was one done in May of 2001, one in July of 2002, and I'd like to recommend that we do another one in July of this year, particularly since there was the survey last year which did go out to all the households. We had 77,000 responses. We know that that did make a difference. So we can ask some questions on that, and it would give us a really good starting point for this year. The cost is approximately $1,000 per question, so it would depend on how many we ask. We'd recommend seven or eight questions.

The public meeting is also an excellent opportunity to raise awareness, granted in a small targeted area, but we can do a very good job in that area, as happened last year in the Olds community. So we recommend doing the same thing this year, perhaps increasing the promotion of it. When we get into advertising a little bit later, we can look at that, but there are other options besides just the local print media that we can use for that.

News releases and media relations. We will continue those as appropriate, and with each one there are some very strong messages that we do get out about the heritage fund, such as $25 billion going into priority areas over the last 27 years. So we'll continue to work with those messages.

There was a brochure that was updated last year for the annual general meeting, and we would like to propose that we do it again this year but that we just redesign it a little bit so that it might stand out a little bit more. We know that these colours are very recognizable for people across the province, so we're recommending using those again and increasing the distribution of it, getting it into public libraries, places like that.

With each one of these strategies we can go into more detail as we get close to implementing them. The brochure would be a very minimal cost: design about $1,000 and printing $1,500 to $2,000, which would give you 5,000 brochures, which is more than we had last year as well.

Web access is also very important. We know that more and more Albertans use the web, so again in all our news releases we give the web address, and we direct people to that. Of the 77,000 respondents to our survey more than 12,000 responded via the Internet. So that is a very large number, and we'll continue to promote that.

Print. As I said earlier, there are other things that we can do. There are business-type magazines and publications that we can advertise in for a minimal cost, so I'd like to recommend doing that certainly for your annual general meeting. That will increase the awareness of the people who read that magazine. It may also bring more people out to your public meeting.

A quick facts card is also something that is used quite successfully by Alberta Finance when they publish the budget. You've probably all seen these. They're certainly very well used by the MLAs across the province leaving them in offices and, again, in public libraries. We would propose to do something for the heritage fund similar to that, and all it would cost would be the paper cost, which would be minimal.

Then one last thing that we'd like to propose is speaking modules for committee members for when you are out on the public-speaking circuit. If you didn't use the entire module, there certainly would be strong messages in there on the fund that you could incorporate into your speeches. That would be done at no cost.

So that's what we're proposing. Questions?

The Chair: Thank you very much. I've got a list, starting with Mel.

Mr. Knight: Thank you, Mr. Chairman. I'd like to suggest that perhaps it would be time for the annual meeting to move to northwestern Alberta, and I would propose hosting it in Grande Prairie this year.

Mr. Magnus: Didn't we do it in Grande Prairie about two years ago?

The Chair: If I may, we'll move that to item 8. I think that's a great idea, but we'll save that one.

Mr. Magnus: I'm not even going to comment on that, because it's a long way from Calgary for an hour meeting.

The modules that you're talking about: I notice that it said somewhere in the communications strategy, "No cost." How in the hell do we do modules and have no cost to them? And I frankly don't feel like I need a module. If somebody asks me questions about the heritage fund, I just explain what's going on with it.

11:20

Ms Housdorff: Right. But some of the members may not be that familiar, and it would be no cost because my staff would write them and provide them to the member when they need them.

Mr. Magnus: Well, okay. But no cost is kind of an erroneous term here.

Ms Housdorff: It's no cost to the committee. It's paid for by the Department of Revenue.

Mr. Magnus: This committee?

Ms Housdorff: Yes. Our wages are paid by the Department of Revenue.

Mr. Magnus: No. I understand that. I just don't personally feel the need for them. I mean, the questions you get asked are: how much money is in there, and how come you lost so much last year? Those are the two questions I get asked. I don't need a module to answer those things is my point.

Ms Housdorff: Okay. Fair enough.

Mr. Magnus: So somebody's getting the cost, whether it's your department or this committee or somebody. I just don't need a module. Maybe the other members do.

Ms Carlson: I'd like one.

Mr. Magnus: Okay. There you go then. We'll spend that money.

Ms Housdorff: We have to write one for you, Debby.

Mr. Magnus: As we should.

Do you get asked really hard questions on it from the public?

The Chair: Being the chairman of the committee and Scottish, I would appreciate any modules that are provided to me free. Thank you very much.

Mr. Magnus: They're not free. That's my point.

The Chair: To this committee they are.

Any further questions?

Mr. Lougheed: And perhaps for the less verbose.

The Chair: Thank you, hon. Member for Fort Saskatchewan.

If I could have a motion saying that

> the Standing Committee on the Alberta Heritage Savings Trust Fund approve the draft communications plan 2003-2004 as it fits within our budget.

Mr. Marz: So moved.

The Chair: Richard Marz. All approved?

Mr. Magnus: Opposed.

The Chair: Okay; we've got one. It wasn't 'unagimous.'

It's been asked at each meeting if we could have an update of the number of hits. Cathy, is it here?

Ms Housdorff: Yes. There's a memo on that.

The Chair: Okay. Great. Thank you very much.

Then we move to item 7, which is our budget for 2003-2004, and it's flat. Is there any need for discussion? There being none, could I have a motion?

Mrs. Sawchuk: We don't need one, Mr. Chairman.

The Chair: We don't need one. Done. Okay.

We move to the annual public meeting, and this is where the hon. Member for Grande Prairie-Smoky has put out an offer to move the meeting to Grande Prairie. I need a motion for same.

Mr. Lougheed: So moved.

The Chair: Rob. Thank you very much.

All in favour?

Mr. Magnus: Could we have a discussion?

The Chair: Absolutely. Go ahead.

Mr. Magnus: Well, we have a motion on the floor. I'd like to also invite the committee, when this is defeated, to Calgary so we don't have to drive all the time to northern Alberta for this.

Mr. Knight: Well, just a minute. When was the last time you were in Grande Prairie? Then ask me when was the last time I was in Calgary.

Mr. Magnus: For this meeting? For the heritage fund?

The Chair: Control. Control. Through the chair, please.

Richard Marz is next.

Mr. Marz: I just wanted to point out that the information I've received since I've been on this committee is that the attendance at meetings in rural Alberta has exceeded the attendance in the major cities. Prior to a very successful meeting in Olds last year, for the record, there was an equally successful meeting, I would say, in Whitecourt-Ste. Anne, which is the northern part of the province. So it was in northern Alberta just the year before last, just for the Member for Grande Prairie-Smoky's information, but that is a very large population centre in far northern Alberta, and I would have no problem in supporting the member's motion.

The Chair: Well, I would have to agree that this is an opportunity for us as members as we support all Albertans and that Fort Saskatchewan, Whitecourt, and Olds were very well attended.

Seeing that there's no further discussion, could I have approval of the motion to have the meeting in Grande Prairie. I guess before I have that motion, approximately when will we be looking at? November? What time was it last year? November. Do we want to look at November? Approval of the motion

to have the meeting at a date in November in Grande Prairie.

Agreed?

Some Hon. Members: Agreed.

The Chair: Opposed?

Mr. Magnus: Opposed.

The Chair: So carried.
Are there any other items that we need to discuss before we close this meeting?

Mr. Marz: I move adjournment.

The Chair: We are going to move to adjourn.
Item 10 is that the next meeting will be called in September, and actually my committee clerk will get a date that will be suitable for all the members.
So could I have a motion to close?

Mr. Marz: I so move.

The Chair: Done.
Thank you very much, everyone.

[The committee adjourned at 11:26 a.m.]