

[Chairman: Mr. Oldring]

[10:05 a.m.]

MR. CHAIRMAN: Good morning, ladies and gentlemen. Welcome back to another meeting of the Standing Committee on the Alberta Heritage Savings Trust Fund Act. To begin, I want to advise the committee that I wasn't able to confirm Mr. Johnston's attendance today. He's in a Treasury Board meeting this morning and will be in Toronto this afternoon. We'll try to get him on again as quickly as we can in our January meetings.

The other thing I want to point out is that we had tentatively scheduled January 5 through 9 for additional meeting dates. As a result of hearing back from a number of committee members, we're going to have to cancel the January 9 meeting only, but hopefully we'll be done prior to that. If not, we'll have to schedule another day.

Before we go over the existing recommendations and go on to discussion, perhaps I can turn the floor over to the Member for Calgary Buffalo, who has just brought forward four additional recommendations. Do you want to read them into the record?

MR. CHUMIR: I can do that, if that's the modus operandi of getting them into the record, Mr. Chairman . . .

MR. PAYNE: It's not that. It's the way of doing things.

MR. CHUMIR: . . . failing which I can make a motion. In any event, I'll be happy to do so if the committee wants to hear me read for three or four minutes.

MR. CHAIRMAN: Agreed.

MR. CHUMIR: These are additional recommendations. The first would be that economic diversification should be re-established as one of the primary objectives of the Alberta Heritage Savings Trust Fund.

The second recommendation: first paragraph, an economic diversification fund whose mandate would be to make debt and equity investments in an effort to actively encourage the creation of new businesses in Alberta; second, the economic diversification fund would be administered by an economic

diversification board whose role it would be to advise the Legislative Assembly on a strategy to promote economic diversification in Alberta and to manage the moneys assigned to the economic diversification fund of the Legislative Assembly.

The third recommendation: the Alberta income fund should be created by pulling together the income earning assets of the Alberta Heritage Savings Trust Fund; secondly, the Alberta income fund would integrate the income earning investments and assets currently part of the commercial investment division, the Canada investment division, the energy investment division, deposits, marketable securities, and the Alberta investment division; thirdly, an income fund investment board would be established whose role it would be to manage the Alberta income fund to maximize the return on investment; fourthly, the Alberta income fund should be managed by private firms within Alberta to encourage the development of management expertise in Alberta's investment management industry; and fifthly, private-sector investment firms would each be allocated a portion of the moneys included in the Alberta income fund and would manage their portfolios of funds on a competitive basis.

Fourth, the Auditor General should have his or her mandate extended so that value for money issues relating to the Alberta Heritage Savings Trust Fund can be investigated by the Auditor General.

Those are the additional recommendations of the Alberta Liberal Party.

MR. CHAIRMAN: We won't call for discussion on these recommendations at this time, but are there any questions for clarification?

MR. CHUMIR: Mr. Chairman, having just finished reading them, perhaps it's now appropriate that I make a clarification. There was a typographical omission in the first subparagraph of the second recommendation. It should be that an economic diversification fund "would be created." Those words have been omitted. Those should be added, so that the paragraph would read "an economic diversification fund would be created whose mandate it would be to make debt and equity investments and therefore to actively

encourage the creation of new business in Alberta."

MR. CHAIRMAN: Thank you.

MR. CHUMIR: Perhaps we'll make it "should be created."

MR. CHAIRMAN: Okay. We've noted that change then.

We are now up to 67 proposed recommendations, a record number, I believe, for this committee. Again, I think it would be appropriate to extend any time restraints related to recommendations in that we haven't heard from the Provincial Treasurer at this time.

MR. GOGO: Mr. Chairman, I have a recommendation that I wish to make. It's very similar to Mr. Hawkesworth's number 56. I'd like to read it into the record: that the standing committee recommend to the board of trustees of the Alberta Heritage Scholarship Fund that it establish a scholarship to reward the achievements of postsecondary students in the area of fine arts and that the scholarship be awarded on a competitive basis.

I see Mr. Hawkesworth already has one, so I will probably be speaking either in support of his measure or cajoling him into supporting mine.

MR. HAWKESWORTH: Mr. Chairman, I appreciate that. It raises a question in my mind as far as a lot of similarity, at least in concept if not in the exact wording, in many of these recommendations. What's the procedure, if any, to amalgamate them or list them in various categories or perhaps arrive at some consensus where that's possible on individual recommendations? Is that something we discuss at this point or further on in January when we meet?

MR. CHAIRMAN: Perhaps it would be appropriate at this point — Mr. Bubba has been kind enough to edit the recommendations that have come forward and clarify some of the wording. I point that out to members, and if there is any concern in terms of the editing of any of your motions, by all means please draw it to the chairman's attention. At this point, for my information at least, he has also pointed out

similar recommendations. Maybe we can take a moment to review that. At the discretion of the committee, perhaps you'd like to leave it with the chairman to come up with some tentative consolidation of similar recommendations for the members who have submitted them to review afterwards and either concur or . . . Member for Calgary McCall.

MR. NELSON: I want to clarify something, Mr. Chairman. Is Mr. Bubba editing the resolutions, or is he amalgamating or identifying those that are similar? I wouldn't want my motions edited as an individual motion.

MR. CHAIRMAN: I think that in some instances there are some grammatical errors, and . . .

MR. NELSON: I want to question that . . .

AN HON. MEMBER: Proofreading.

MR. NELSON: . . . because if there is some editorializing being done, it may change the meaning of the motion as was intended, and I would have some difficulty in having my motions edited without my prior approval as such. I hope that doesn't happen.

MR. CHAIRMAN: In most instances it was a matter of capitalization, grammatical errors, as I said, and spelling: those types of things. I don't think there were any substantial changes in terms of intent or in the motions themselves. But again, that's why I draw it to the members' attention to have a look at. If you feel something has been changed in any way, by all means bring it to our attention.

MR. NELSON: That's fair. But I find it rather unusual that motions are being fiddled with as such, and I hope that's not the case.

MR. CHAIRMAN: No, that's not the case at all. As I said, I think it was really more a situation of making sure they're in the proper format.

MR. NELSON: I don't want to get into a long debate about this, but when we use the proper format . . . I would think the members are trying to present their views in the manner in which they see that view. If we're going to

start changing those motions . . . They're the motion of the committee, not any other thing, as read into the record by the member, be it myself or anyone else.

MR. CHAIRMAN: The Chair would say that I don't think that's the instance and would again remind the member that if he is concerned and feels that any of his motions have been altered substantially or edited in a way that he doesn't feel is appropriate, please draw it to my attention.

I recognize the Member for Calgary Mountain View.

MR. NELSON: Mr. Chairman, on that point I think we'd better get something clear. I don't know of too many legislative bodies that have the administration amending and otherwise correcting motions, Bills, et cetera, that are placed forward on the paper by a member. If there are errors, they should be corrected by the member or otherwise on suggestion rather than just arbitrarily done. I don't think that's fair, and I don't agree with it. This is a legislative process, and it's done by legislators. We have to either live with those items we have presented, in error or otherwise, or correct them as needed as we deal with them.

MR. CHAIRMAN: The Member for Lethbridge West.

MR. GOGO: It's on this point; maybe Bob Hawkesworth is on this point too. My point is that recommendations should never be altered by one word without the consent of the member who submitted them. I understood you to say, Mr. Chairman, that of the recommendations here, those that were similar in nature would be grouped — not altered but grouped — and the sponsors of them could then wheel and deal, presumably with colleagues, to amend them or whatever. Was that not the intent?

MR. CHAIRMAN: That was the intent, but I think the Chair also indicated earlier, when the motions were coming forward — I will have to check Hansard — that we would edit and make any spelling and grammatical changes. There wasn't any concern expressed at that time.

MR. GOGO: With respect, Chairman, the term "edit" is what's got some backs up. The other

terms I think are accepted. The word "edit" means something like the Edmonton Journal. Most people perceive someone giving an alternate view. I would be in the hands of the Member for Calgary Fish Creek, who knows about editing. I just think it's a dangerous precedent to have anything edited without the consent of the members.

MR. HAWKESWORTH: I'll maybe spring to Mr. Bubba's defence here. If I could refer members to recommendation 34, as an example of what I think you mean by the term "editing," there are three clauses as part of the recommendation. You can see that just below that are three lines which refer to all three of the previous clauses. In reading it into the record, that followed immediately upon clause 3 and seemed to indicate that it was referring only to clause 3. In setting up the margins and editing this particular recommendation, Mr. Bubba called me and asked: "What was the intention in making that recommendation? Did you intend for those three lines to refer to all three of the clauses?" I said, "Yes, that was the intention." He edited it so that physically on the paper it's obvious it refers to the three clauses which proceed it. So at least in terms of the recommendations that have been made on our behalf, I think that's what was meant by the term "editing."

MR. CHAIRMAN: Thank you for helping me clarify that, Member for Calgary Mountain View.

Perhaps what I can do initially — as I said, Mr. Bubba has been kind enough to point out similar recommendations. Maybe we can start, and I'll quickly run down the list. If you have your list of recommendations in front of you, beginning with recommendation 1, it's also being considered that we look at recommendations 12, 15, and 34. Recommendation 2: we should also be looking at recommendations 9, 22, and 33. Recommendation 5: we should also be looking at recommendation 44. Recommendation 13: we should also be looking at recommendation 53. Recommendation 16 ties in with recommendation 45. Recommendation 17 ties in with recommendation 41. Recommendation 18: we should also be looking at recommendation 50. Recommendation 23 ties in with recommendation 26. Those are similar

recommendations that could possibly be amalgamated or brought into one.

MR. PAYNE: Mr. Chairman, I think what complicates the discussion is that we are discussing at the same time two recommendations that are so similar that they should be, to use your word, amalgamated, as opposed to two or more recommendations that deal with the same subject but in a slightly different fashion, which should be grouped together so that we're discussing them all at the same time. Those are two quite different processes, and I think that's what's complicating our discussion today. To use your example, although 23 and 26 both deal with the capital projects division, they sure as heck have entirely different objectives and obviously could not be "amalgamated."

MR. CHAIRMAN: Right.

MR. PIQUETTE: I would tend to agree with that. We should bracket them together, and if some can be amalgamated, we would go along with that, but some of the intents are quite different.

MR. GOGO: What a beautiful example.

MR. HAWKESWORTH: Mr. Chairman, I support what you've done in terms of identifying common threads or common topic areas. Perhaps in preparation for our meetings in January these recommendations could be regrouped along the lines you have suggested. That would provide us with some means of discussing common topic areas. Or even if some of these recommendations that have been made, that you've not grouped, have some bearing on certain topic areas, they might be incorporated in some way into that listing. So instead of these being found in numerical order in the way in which they were brought to the committee, you could reorder them along topic areas. That might help in our discussion later in January. It's just a suggestion.

MR. PAYNE: I'd like to concur with the suggestion made by the Member for Calgary Mountain View. Could I make the further suggestion that the editor actually insert a marginal phrase or subject so we could rapidly identify the subject matter of two or more

recommendations that have been grouped together?

MR. CHAIRMAN: Is that in agreeance? Just so the Chair is perfectly clear on this, what you'd like me to do is bring forward any of the recommendations dealing with the same subject matter at the same time under one particular heading.

MR. GOGO: Could they retain their original number as to how they were introduced, Mr. Chairman? Is that a problem?

MR. CHAIRMAN: No. In following the chronological order, we would begin by discussing recommendation 1 and at the same time considering recommendations 12, 15, and 34? The Member for Lacombe.

MR. R. MOORE: I was just waiting to hear your explanation, because it may be what I was going to say on this point, the group being brought forward at the same time basically so that they relate to each other when we're debating them. However, on the amalgamation or withdrawal of some, which will happen — some will withdraw if they're similar to others — would it not be the consensus of this group that it would be the right of the mover to meet with the other ones and decide who is going to withdraw or who is going to amalgamate? Are we going to say that a consensus here will say that we will amalgamate this? Or is it the right of the individual to debate his motion separately?

MR. CHAIRMAN: The Chair is at the discretion of the committee.

MR. R. MOORE: Bringing them forward together is, I think, an excellent idea, because they relate. However, the final decision as to how they're going to be amalgamated — it comes back to what the Member for Calgary McCall said. His intent there may be different from somebody else's, although the wording may be similar. He should have the right to debate his on the merits of his motion.

MR. HYLAND: Mr. Chairman, I think we've done both before. Either it's been suggested that they be put together or the members have got together and put recommendations

together. Last year we ended up with — what was it? — 15 or 18. We started out with a lot more. For example, the one on agricultural research. There were about four or five that got lumped into one. Four or five of us sat down and redrafted it and submitted it as a redraft. Instead of four or five, we then ended up with one draft.

MR. R. MOORE: Was that done by the individuals involved?

MR. HYLAND: Yes. Myself, the Member for Spirit River-Fairview, I think, the Member for Edmonton Glengarry, and a couple of others. Thus it went ahead with four names on it instead of one.

MR. NELSON: That would save a lot of time here.

MR. CHAIRMAN: Again, if we're going to discuss motions, do we want to wait where there is a grouping and allow the opportunity for those members to discuss their motions amongst themselves and come back with a recommendation to the committee?

MR. GOGO: Mr. Chairman, I think there's a lot of merit — the members of this committee that belong to individual caucuses may have certain views as members. For example, why wouldn't government members want to discuss recommendations they've made with their government colleagues? And similarly ... I think, though, that that would take away from the purpose of the committee. They're free to do as they want. I'd like to hear the arguments of hon. members who have put forward recommendations as to the merit of their recommendations. Rather than have them grouped together and come forward with a consensus, I come back to the Member for Calgary McCall's point of view. Maybe something specific in his argument that I don't read in his words is applicable to his recommendation. Maybe to hear him explain or defend or argue the case for his recommendation would be more beneficial to me at this table than before the various members discussing it with their caucuses. I would think that's an integral part of — I'd like to hear the justification for these recommendations, and we only get that if we

have them argued here at the table.

MR. HAWKESWORTH: To a certain extent I'm thinking out loud here, Mr. Chairman, but I notice recommendation 2, submitted by Mr. Gogo, refers to a sort of 10-year milestone that's been reached with the fund and suggests some means of consultation. There's another one from Mr. Nelson, number 9, that is different but also looks at the direction of the fund. Mr. Chumir has also submitted a recommendation referring to the 10-year milestone of the fund and some suggestions for public review or consultation, as has Mr. McEachern in number 33.

If those four members were to sit down and sort of discuss amongst themselves, I don't know if there is any common ground that the four could agree to and bring back to the committee. If not, that's fine too, because each of those four recommendations is slightly different and has a slightly different emphasis. But it seems that members from all three caucuses recognize the sort of 10-year history the fund has now achieved and the possibility of a somewhat more thorough review of that. If those four could bring to the committee as a whole some agreement on that, I think the committee would find that useful and helpful. If they can't, maybe it would be helpful too to know there isn't consensus on how that review might take place. Otherwise, if you sit here and get into a strong argument on the record, so to speak, as to differences of opinion, sometimes it might make it a little harder to sort out the common ground. Maybe if the four could try and sort out the common ground before coming to the committee, it might be a more helpful process. I don't know. As I said, I've not been through this committee before. This is my first experience, and I'm not entirely sure what the procedure has been in the past. It's just a suggestion for your consideration.

MR. PIQUETTE: I would tend to agree with the Member for Calgary Forest Lawn.

MR. CHAIRMAN: Calgary Mountain View.

MR. PIQUETTE: I'm sorry.

MR. CHAIRMAN: You might agree with the Member for Calgary Forest Lawn too; I don't know.

MR. PIQUETTE: I think that where there are very similar types of recommendations — they might have different intents, but I think it would save a lot of time if we can have a common ground so we don't spend half a day trying to sort out in the whole committee a recommendation that all three parties share. Maybe the difference will lie in the implementation of that recommendation and how the details have to be worked out. Some are very general and one is very specific on how that review should take place. Besides numbers 1 and 2 there are not really that many other recommendations that conflict all that much with each other or have many similar types of recommendations. I guess we'll have to deal as a committee of the whole with most of these recommendations.

What was indicated a few minutes ago was that you're going to be headlining each of the separate sections of the committee recommendations. Some relate to, say, AADC. Is it the intention to group all of those together? Is this how we're going to be doing that so we get some rationalization of those particular ones? Or what other type of rationalization is going to be used here?

MR. CHAIRMAN: I believe the direction given to the Chair was to group it by common heading.

MR. PIQUETTE: By common heading?

MR. CHAIRMAN: If it's on the same subject matter, then it would come up for debate at the same time.

MR. GOGO: All those related to deemed assets would be discussed at the same time.

MR. CHAIRMAN: That's correct.

MR. PIQUETTE: Maybe what we should do today is to establish those common headings so that we know what a particular recommendation is going to be under. Would that be something we could establish today, or have you already done some of the [inaudible] along that line?

MR. CHAIRMAN: I outlined at the beginning of the meeting the ones that have common ground.

MR. PIQUETTE: Okay. But they don't have any particular headings at this point?

MR. CHAIRMAN: No. I think all that means is adding the subject of the particular motions we're dealing with.

MR. NELSON: Mr. Chairman, I think we ought to get started on these recommendations and discuss them, because we'll be sitting here . . . We could probably discuss them all by the time we finish discussing whether we're going to amalgamate them or try and put them together. I think we ought to get on with the show here. If we're not going to meet some common ground, let's start doing our thing and get all the issues out there. Otherwise, we're going to be here and still discussing whether we're going to put these things together this afternoon.

MR. CHUMIR: A point of order.

MR. CHAIRMAN: A point of order, the Member for Calgary Buffalo.

MR. CHUMIR: I've been sitting here listening to all this and been torn, but by and large I guess my instincts are that at the rate we're going, we'd be better off to start with the first recommendation as an experiment and see how we make out, keeping the other three in mind. Even if you do get a consensus of those who have recommended these things, you will still have the issue of discussion by the rest of the members of the committee. Why don't we try it? It may be that we can kind of funnel things very effectively into some common denominator in that direction and get to a bottom line.

MR. CHAIRMAN: Thank you very much. In moving on, the Chair would also . . .

MR. CHUMIR: In other words, what I have in mind is that as you go on, you would deal with 1, 12, 15, and 34. You would have to have an agreement on one or the other or some amendment. Let's get going on them.

MR. HAWKESWORTH: Does the hon. member want to discuss the merits of them right now or simply the grouping of them?

MR. CHUMIR: The merits. I thought we had identified the grouping of that first one as 1, 12, 15, and 34.

MR. CHAIRMAN: In moving on, the Chair would also remind members that the precedent established at the last set of trust fund meetings was to debate all the recommendations and at the conclusions of debate on all recommendations the voting will proceed.

MR. CHUMIR: Oh, then that's at odds . . .

MR. PAYNE: Mr. Chairman, of course, I wasn't privy to the committee member discussion that led to that tradition or that precedent, but I'd like to speak against it for the simple reason that how I feel about recommendation 10 could be affected by the disposition of recommendation 40. I guess I'm arguing the other side of that debate right now.

MR. CHAIRMAN: That's right.

MR. PAYNE: I've been trying to think through why previous committees have deferred their vote on a particular recommendation. That must have been the reason: they felt discussion of one recommendation could possibly impact on how they felt about another.

MR. NELSON: Keep going, Bill.

MR. PAYNE: I find myself in a very unusual position. I started out against the motion, but now that I've thought it through, maybe I can see some merit.

MR. CHAIRMAN: Now that the Member for Calgary Fish Creek has answered that question for himself, perhaps we can go on to recommendation 1, and at the same time we will be discussing recommendations 12, 15, and 34. The Chair now recognizes the Member for Lethbridge West.

MR. GOGO: Mr. Chairman, almost as a point of interest, I'm curious as to how government has responded in implementing the various recommendations over the years. Perhaps somebody could speak to that later.

Dealing with number 1, deemed assets, which are a part of the capital projects division, what

motivated me to make this motion that they be shown with a value of \$1, Mr. Chairman and members, ties into the total value of the fund as printed publicly. I get very concerned that people seem to think there is \$15 billion in the fund when we know factually that there is \$2.5 billion in the capital projects division invested in various things indicated in schedule 6 that are really never recoverable.

Now, I know perhaps as well as anybody, because there is a university in my riding, how valuable the scholarship trust fund is. Many members here present those cheques, so it's something we can be very proud of. If it's part of the heritage fund, I guess it should be listed somewhere in the heritage fund. We know that it now has a value, I think, of \$135 million to \$140 million. Nonetheless, having said that, my concern is that various people believe there is a savings account of some \$15 billion when in reality you cannot sell Capital City Park; you don't even own it. You cannot dispose of various investments within the capital projects division, so I think it's almost misleading.

Counterarguments have been made that they be shown separately as deemed assets. Nonetheless, if one reads the financial statement, you end up with the conclusion of the total assets of the fund. I don't like to use the word "misleading," but most people seem to believe that the fund is \$15 billion. I feel very strongly that there has to be a better way. I have no objection to listing those deemed assets somewhere, but I don't think they should be an integral part of the financial statement. That's why I move that the deemed assets portion, some \$2.6 billion, be shown as \$1 in the financial statement.

MR. CHAIRMAN: Any further discussion on recommendation 1?

MR. KROEGER: Chairman, I don't see how 15 fits number 1. There it talks about the assets of the fund; it doesn't talk about the deemed assets. I suppose that came out of the discussion of the actual value of the investment. That has nothing to do with deemed assets.

MR. CHAIRMAN: If there is agreeance, we'll take recommendation 15 out of the debate this morning.

MR. KROEGER: Could I ask a question, Chairman? Recommendation 34 — this is Mr. Hawkesworth's — would seem to fit except the last half of the last sentence in item (1): "be written off to fund equity." I don't understand what we mean by writing it off and then using it to fund equity. What would you do with the University hospital? How would we fund equity if we wrote it off?

MR. HAWKESWORTH: As I understand it, "to fund equity" is basically saying that it not be considered part of the equity of the Heritage Savings Trust Fund.

MR. KROEGER: I understand that; your paragraph does that. But that part of the sentence mystifies me.

MR. HAWKESWORTH: I believe it's taken from the specific recommendation made by the Auditor General. I don't have a copy of the full report in front of me to place it in context. That's what I understand that phrase to mean.

MR. GOGO: On a point of order, Mr. Chairman, if I could raise it before we proceed. You indicated number 15 may not be included here. Mr. Chumir is in attendance; he's probably just walked out for a minute. Perhaps before that is determined, we could have Mr. Chumir speak, because that's his motion.

MR. KROEGER: I didn't realize he wasn't here.

MR. CHAIRMAN: Perhaps we could return to that when Mr. Chumir returns to the meeting.

MR. KROEGER: I'd like an explanation from him.

MR. HYLAND: Just to speak in support of Mr. Gogo's motion, I overheard an interesting conversation on the airbus yesterday. I don't know where these two gentlemen were from, but they were obviously from another area of Canada. They were flying from Edmonton to Calgary, and they thought they were flying northeast instead of north. I assume they were going to look at a hospital or something, and they got talking about the hospital and the trust fund and how it was built. It's right down what Mr. Gogo is saying: the perception of the size of the fund, that this is all liquid money in the

fund, and that's how we built this hospital and built some other things. They assume it's still there. I think we heard that conversation when we were discussing with one of the ministers how the fund is perceived elsewhere in Canada.

I think that just hearing those two people goes to prove that maybe Mr. Gogo hasn't got too bad an idea there, where the assets are listed at a dollar and shown as an asset of the fund but not as \$2.5 billion, or whatever the right number is, as a total value of that fund.

MR. PAYNE: I guess just in the interest of balanced debate, I'd like to make a comment or two on the other side of that debate. I'm not so sure that I agree that those deemed assets in fact are worth a dollar. I have no idea what Fish Creek's value would be to prospective developers, but I live right next to the park and I think that subdivided it would be a very attractive place to live. So there's an inherent developmental value in Fish Creek park. Similarly, there's talk about moving the people and resources of the Alberta children's hospital to another hospital in the city. I doubt that that very fine building would remain empty for a very long period of time, even in the present commercial real estate environment in Calgary. So I assume there's some inherent value.

The second point, not in opposition but just by way of balanced discussion: what if over time the Alberta Heritage Savings Trust Fund were to invest proportionately more in "deemed assets"? What if three-quarters of the fund went to those kinds of facilities and they were reported in a separate schedule as having a value of a dollar? I think it would be potentially very misleading or confusing for one who would be looking at the balance sheet and seeing on one hand the magnitude of the resource related revenue to the fund and then on the other side of the sheet its value. Those are two minor objections to recommendation 1.

MR. CHAIRMAN: Perhaps it would be appropriate, too, for the chairman to remind members, in particular the new members, that recommendation 1 from this committee last year did make reference to deemed assets. Just so members know where it stands currently, I would read the recommendation:

That the deemed assets of the Alberta Heritage Savings Trust Fund not be

included in the financial statement but be listed separately.

The Treasurer's response was:

The presentation of investments under the Capital Projects Division ... of the Heritage Fund in the financial statements as deemed assets represents public policy established by statute. The matter of how CPD investments should be disclosed will be considered further by the government and the recommendation of the Committee will be included in that consideration.

Member for Calgary Buffalo, when you left the room there was a suggestion that perhaps your recommendation 15 didn't really fit in with recommendations 1 or 34, which are referring specifically to deemed assets.

MR. CHUMIR: I think that's a fair statement. I would agree with that, Mr. Chairman.

MR. KROEGER: I raised that, Mr. Chumir, because it didn't seem to me that it had anything at all to do with the deemed assets. It should be a separate motion.

MR. CHUMIR: Yes.

MR. CHAIRMAN: If it's in agreeance, then we'll deal just with motions 12 and 34 at this time.

MR. NELSON: I want to go back to number 1, if that be the case. First of all, Mr. Chairman, in principle I agree with the Member for Lethbridge West. I have concern with the \$1 thing. I think we have to identify for the public what the expenditure of public dollars was and what that investment was. I can't imagine us as a government, or any government, selling off public lands; for example, Fish Creek or Kananaskis or various lands of that nature. It is not an asset that's liquid or probably ever will be liquid and really is not a part of the real assets of the fund, other than as a building block for Albertans in the future.

We've had this argument before, and quite frankly I get a little sick and tired of seeing these notes from the various provincial treasurers indicating that they'll have a look at this and really nothing is ever done. I get the impression that some members of the cabinet occasionally feel that the members of

committees are just there as a tool for a public purpose. I think that members of Executive Council are going to have to start considering some of the thoughts that are in committees such as this and the people who are giving those thoughts and putting them forward, because there is good reason; they have been given due consideration. Rather than listening all the time to a pile of bureaucrats who for some various reasons think things should be done a certain way, I think it's time we started to govern by the various committees and actions that are put in place.

I'm not of the view of supporting the Treasurer's comments that we'll give it due consideration sometime down the pipe, because it will just be put on the shelf. I think the committee is going to have to take a position and stand by it and make the recommendation as strongly as possible. Those deemed assets are just that. They are deemed assets and should be identified separately within the context of the financial report of the Treasurer's department. They are identified separately within the context of the one line presently and should be taken out and a separate entity placed within the context of the financial report.

So I support the member to that extent, with the exception of the \$1 item in this particular issue. I think that possibly could be changed, and we may do something of that nature at a later time, after we've finished with the other two items that are similar in this context.

MR. CHUMIR: I have some similar sentiments. I'm getting a bit fed up with the failure of the government to respond to recommendations of this committee, and I'm wondering whether or not we're wasting our time. This recommendation has appeared in one form or another for the last five or six years, including that of the Auditor General back in 1981. Recommendation 12, which I have proposed, is exactly the recommendation of the committee last year, yet we hear the Provincial Treasurer coming in and saying that they don't propose to do that. It seems to me that if this committee makes a recommendation to the government that there be a change in the way the deemed assets are treated and if that recommendation is unanimous, considering the composition of this committee, there is no better indication that that is the strong will of

the people of this province. I would suggest that the government had better start paying some attention.

In terms of the substance of this thing, I think the tenor and essence of these recommendations — and they're in three slightly different forms — is that they should be out of the heritage fund financial statements altogether, because they're misleading not only Albertans but other parts of Canada. It's most important now that other parts of Canada not have a distorted impression of the economic state of this province.

I find it difficult to understand why we would have certain hospitals and certain parks allocated in a separate fund as assets of this province and not have every other park and hospital and other similar assets in the province considered in some other way as assets on some balance sheet, if that philosophically makes any sense. Really what we have is something that's very notional. We've said that we have certain money that we're going to consider to be heritage trust fund, but it's merely notional and it's misleadingly notional. So I'd like to get back to some common sense.

In terms of the wording, if I understand the process — and I missed the last meeting — we're going to be discussing, not voting on, these recommendations and, pursuant to what the earlier suggestions were, perhaps some consolidation. As the proposer of recommendation 12, what I would propose to do would be to get together with the proposers of recommendations 1 and 34 with a view to seeing whether or not we can't come up with some common denominator language when it comes time to vote at the end of the proceedings. Would that be a reasonable suggestion?

SOME HON. MEMBERS: Yes.

MR. CHUMIR: Okay. We seem to be agreed in concept here.

MR. PIQUETTE: I think the two members basically said everything I have to say. I would also agree that I don't think reducing the deemed assets to \$1 is the intent of our recommendation 34. Recommendations 12 and 34 are very similar in the sense that they should be separate from number 1 as well. I don't think the intent is that we're trying to devalue that investment but that it simply be treated as

money spent and invested but no longer in the heritage trust fund. I can't see how in the world we can rationalize the fact that this money has been spent and the project built but it's not really money we can recover. It's simply an asset like any government asset. We've made mortgage payments on it, but we're not going to be recovering by the sale of any of those assets to the benefit of the taxpayers.

When you look at recommendation 34, it is much more specific as to how we should be addressing it. I would hope that 1 and 12 would look at 34 and see if we can't come up with a recommendation. I think all the language we're hearing here is very similar to 34, which is very clear cut in that it follows the recommendation of the Auditor General since '79 that they be in a separate schedule from the financial statement. We're not making any statement here that we should simply write them off, that they're worth nothing, down to \$1. They should simply be taken completely out of the heritage trust fund reporting and put on a separate schedule, and have the government quit kidding the public that they're still part of the heritage trust fund investments, generating revenues to the province.

MR. PAYNE: Mr. Chairman, although I agree with this committee and its predecessors with respect to its conclusions about deemed assets and how to report them — and I do agree — I disagree with some of the reasoning that leads to that conclusion. I think it's erroneous, if not naive, to assume that misconceptions about the fund elsewhere in Alberta or in eastern Canada will be improved or changed because of this accounting, reporting suggestion. It doesn't fly. The eastern Canadian who thinks we in Alberta are well off because we have a \$15 billion fund will feel exactly the same way if it's a \$12 billion fund. Misconceptions will not be changed by an accounting change, but I do agree with the recommendation itself.

MR. CHAIRMAN: Does the Member for Calgary Mountain View want to comment on recommendation 34?

MR. HAWKESWORTH: Certainly, Mr. Chairman. I've just been given the report of the Auditor General ended March 31, 1985, and I believe my explanation to the Member for Chinook was essentially correct. The Auditor

General notes that

deemed assets are segregated from the other assets of the Trust Fund in its balance sheet and the Trust Fund equity is allocated ... between net assets and deemed assets.

So the report suggested that the amounts expended on Capital Projects be accounted for in the financial statements of the fund as expenditure and not as assets on the Balance Sheet.

MR. KROEGER: Most people won't go to that report you have in front of you. I have a problem with the wording, and obviously you did too when I asked you to tell me what it meant. I have no problem with (2) and (3), but (1) doesn't really say that it should be written off. It shouldn't be shown as an asset in the sense that we do.

MR. PIQUETTE: It has to be more understandable.

MR. KROEGER: But "be written off to fund equity" throws me. If you want to expand on that, that's okay. I don't know how you fund anything out of a write-off.

MR. CHUMIR: That's what happens when you spend a few years on city councils. They listen to too many auditors.

MR. HAWKESWORTH: In essence, Mr. Chairman, I was recommending what the Auditor General has recommended for a number of years now. It's basically saying, in the language of the Auditor General, that the deemed assets not be considered as part of the equity of the Heritage Savings Trust Fund. I think that was my earlier explanation to the hon. member. I believe that's precisely what the Auditor General was getting at in his recommendations. I think the Member for Lethbridge West, in his shirt-sleeve Auditor General language, is saying exactly the same thing.

MR. CHAIRMAN: Is there any further discussion on recommendations 1, 12, and 34? If not, we'll move on to recommendation 2. Also making reference to the 10th anniversary of the Alberta Heritage Savings Trust Fund are recommendations 9, 22, and 33.

MR. GOGO: Chairman, I believe it's self-explanatory. This fund was started, I think, essentially as a role that was a legislative Act by a former Premier who felt very strongly that nonrenewable resource revenue should be going into a fund so that we wouldn't end up like the state of Oklahoma or some other states that had great nonrenewable resources, didn't put any away for the future, and ended up being in pretty serious difficulty as a result. However, I would remind committee members that we started out with the Alberta investment division, the Canada investment division, and the capital project division. In 1980, about four years after the fund began, that was expanded with the energy investment division and the commercial investment division.

I think times have changed. As members know, the amount contributed to the fund has declined from the original 30 percent that was passed each year. In many ways, although the concept of the fund has not changed, I think the use of the fund has changed. Not wanting to sound critical of the investment committee or the government in its endeavours to see this fund do a lot of things, as it's now been 10 years, I think perhaps the time has arrived — and I'm pleased that there are three other recommendations touching on the same point — when it should be reviewed.

As far as I'm concerned, the key is that if this fund exists for Albertans, it's critically important that government consult with business, labour, and the general public. I'm not advocating public hearings; I'm just saying that they should consult with business, labour, and the general public to determine if those people agree with the direction in which the fund is going and, if not, make suggestions that government could utilize in changing the direction of the fund.

Thank you, Mr. Chairman.

MR. HAWKESWORTH: Mr. Chairman, I agree with the general direction of this particular motion. It is a fairly general motion. I think Mr. McEachern's recommendation is along the same lines but sort of fleshes out the concept in a little more detail. I'm also pleased that members of all the parties have recognized the 10-year period of time. It's a decade, and perhaps it's time to really take stock of what the fund has achieved, how it is presently performing in view of the rainy day that's

occurring within the province, and how it may see us through the next several years. It's also an opportunity for the public to tell us what they're thinking, and I agree with that.

The matter of consulting with business: I think a special opportunity could be created to do that. Mr. McEachern is suggesting that a firm that specializes in accounting and consulting be hired in order to do a comprehensive audit and review of the fund. It is not intended to replace any of the work that's been done by the Auditor General, which in my view has been very good, but I think it would also either affirm or reaffirm some of those recommendations which perhaps the Auditor General has been making in the past several years. Having an outside firm from the public sector review the fund in such a way may well add some new dimensions or ideas as well as reaffirm some of the recommendations previously made by the Auditor General.

When we say "consult," though, it's open to all kinds of interpretation. Does that mean tabling the letters we as MLAs might receive over the course of the year? How would we get that input from the public in an informed way? That, I think, would need to be thought through if recommendation 2 were accepted. I think that's why in going into a little more detail Mr. McEachern has suggested a means by which to get the input from the public. Members of the committee may not agree with all the details that are proposed here, but it certainly lays out a plan of action if we are serious about getting input from the public.

I also note that Mr. Chumir's motion asks a number of interesting questions that the public might answer as part of a series of public hearings or as part of the consultation. If we're going to consult with people, what are the things we want to ask them to give us their view or opinions on? Mr. Chumir has suggested four questions that could be a part of such a review or consultation.

I support the general concept of recommendation 2, and I think the other recommendations that follow tend to flesh it out and give it more detail. I hope the committee would also accept them.

MR. PIQUETTE: Mr. Chairman, I would also support recommendation 2 with the fleshing out of recommendations 22 and 33. I think an example that was followed here very wisely by

the government was the AADC Review Committee, which is based to some extent on what we're proposing here: that there is need for contact on a decision made 10 years ago about the fund's direction. I think it's time to get back to the general public and get their viewpoint, because I think there's a lot of misconception out there from labour, business, and the general public about what the heritage trust fund was intended to do when it was created and where it's going in its future direction. I think we have to open that up to at least give the general public the opportunity to reflect with government and opposition members on where we will be 10 years down the line. In what direction are we going to be leading this province in terms of the heritage trust fund? We can't do that simply by sitting underneath the dome and making recommendations that very often we could be getting the public to be supporting. It could be that a lot of the recommendations we're making here are in tune with what the public is saying, but we really can't tell until we get submissions from the general public. I think we have to get back to the grass roots to find out what it's all about.

MR. CHUMIR: Obviously speaking in support of the general direction of this resolution and also number 9, proposed by Mr. Nelson, who's on the case as well, and numbers 22 and 33 — 22, of course, having been submitted by the Liberal Party — the same comment I made earlier with respect to collaboration of the four members involved in these recommendations would probably be useful to see whether some common denominator of language might not be agreed upon at the time we come to vote on these things.

Perhaps I might focus on the one aspect where the recommendation proposed by the Liberal Party differs from at least the first two recommendations, and that is in the distinct thrust towards public hearings. We feel it is very important that this matter be discussed openly from the point of view of getting input from the public and also as an educational tool. While we ask a number of questions in our recommendation, I think it's quite clear from some of the other recommendations we've made, in particular the ones that have been read into the record today, that at this stage in time we still favour the maintenance of a fund,

with particular focus and emphasis on diversification and a savings component and nil focus on some of the other aspects of the fund at the present time. But we approach it with very much of an open mind. These are our views at this point in time. We'd like to get some response to them from the public, and it's in that sense that we have advanced our recommendation and are generally supportive of the accumulative thrust of all these recommendations.

MR. KROEGER: I just have a question on 9. Was it listed with 2, 22, and 33 in the list you read off? I missed it.

MR. CHAIRMAN: Yes.

MR. KROEGER: Okay, that's all.

MR. R. MOORE: Mr. Chairman, I'm fully in support of number 9. The other ones I'm not so fully in support of. I feel that public hearings or going out to the public, as the Member for Athabasca-Lac La Biche was talking about — we have 83 people elected from 83 parts of this province, who should all be very much aware of what the people in their area are saying and what they want. I have confidence that those 83 are able to take that information to their individual caucuses and hence to this table right here.

I agree that we need a review, but I feel that I support the Member for Calgary McCall on motion 9, where he says:

... the Standing Committee on the Alberta Heritage Savings Trust Fund Act consider, during its deliberations...

It goes into basically what the others are recommending should be carried out in public hearings and so on.

MR. CHAIRMAN: Any further discussion on recommendations 2, 9, 22, or 33? The Member for Calgary McCall.

MR. NELSON: Thank you. I thought I got your nod before.

Mr. Chairman, I certainly support the recommendation presented by the Member for Lethbridge West and think that business, labour, and the general public should have the ability to have some input into this. I don't know that public hearings are the answer. There are other

means and ways of satisfactorily doing this that would certainly be good for the public.

Speaking to number 9 in particular, the concern I have is that I'm not sure the committee as it's presently structured really reviews the Heritage Savings Trust Fund, nor do we have the mandate to review it as far as its investments and general direction are concerned. For example, when we first started this some weeks ago, I brought up a \$5 million expenditure that was initially to purchase stocks in the CCB, I think; that's the bank that went belly up. Of course, prior to its going belly up, \$5 million worth of investments were purchased by the General Revenue Fund of the province to ensure that the integrity of the fund was maintained.

The other concern I have more recently, as we have evidenced from material supplied and answers given by ministers, is the Alberta Mortgage and Housing Corporation, which is a disaster, John, but that's my own opinion having looked at a number of the issues relative to that. The way I read it is that to keep the integrity of the investment to the level which seems to be public, we are in fact putting money from the General Revenue Fund now, especially when the income from oil and gas is not where it once was, to create an insurance fund for the Alberta Mortgage and Housing Corporation. Either we've got an investment that has to stand on its own two feet or we have to indicate to the shareholders, the public of Alberta, how that investment is doing. When we look at Alberta Mortgage and Housing Corporation, for example, it's not doing very well. In fact, it's doing damned poorly. If we're going to have to pump money out of general revenue into some of these investments, then I'd say we've got a problem. When you're doing it to the tune of nearly half a billion dollars, which is the achievement on that particular investment, I suggest we've got a problem.

That in basic context is one of the reasons for my particular motion and the support in principle of the other three motions similar to mine. I'm sure we can come up with a motion that is satisfactory to all parties that have placed before us similar types of motions on this issue. We have to again put some teeth into this thing so that some of us elected people who are concerned about the fund are given the opportunity to delve in and find out what the heck is going on. As I said in my comments a

few moments ago, we've got more brainpower around here than some of our other colleagues in Canada or otherwise think we have. We don't have to continue to listen to all the bureaucrats. Certainly ministers should use the facility that is available to them, that being us as other elected people. Additional people that can be used, probably in a little better sense, are the private sector, people who are investment experts, who can probably assist us in receiving a higher basic return on much of this fund than we are receiving now.

In the basic broad sense those are some of the reasons. I've got others, but I don't want to sit here and talk for the next two hours. It would probably get boring. I would certainly recommend that we get something that has some teeth in it, that is a strong representation to the government as to the feeling of this committee and the manner in which we want to deal with it.

MR. HYLAND: Mr. Chairman, speaking more in support of numbers 2 and 9 and the principle of the other two, 22 and 33, but not the way they're worded, I prefer 2 and 9 because they give direction in more general terms. It would allow the committee to set their own guidelines as to how they want to do it, whereas the other two, once passed, would direct you in a more confined way and wouldn't allow you the same latitude. I support the idea behind the other two, but I'd like general terms so that the committee could sit down at whatever point in time, if it is ever accepted, and lay out how they want it approached, whether it's public input, meetings, hearings, or however they want to do it. They wouldn't be guided by having to have this and having to have these questions asked, that type of thing. It would be more general and would allow them a better way to approach the thing, something they could set up. If one direction wasn't working, they could modify it and finish off the rest of their meetings before they report. It would allow them more flexibility. As I said, I would prefer a more general approach to it than the confined approach of specific questions being asked and specific things being done.

In this case, being as it would be a 10-year review and is quite important, I would sooner see the committee have more flexibility and lay out their approach under certain guidelines rather than having specific guidelines for the

operation of the thing laid out in full.

MR. HAWKESWORTH: Mr. Chairman, I could shock the entire committee and say that I agree with much of what the hon. Member for Calgary McCall had to say, which I did, by the way.

MR. PAYNE: I couldn't handle that.

MR. NELSON: I blew it.

MR. HAWKESWORTH: There is one point in particular I'd like to highlight in recommendation 2, which refers to "the Government of Alberta" consulting with "business, labour, and the general public." In essence, the government of Alberta is Executive Council. What we're discussing in terms of recommendation 9 is what this committee itself ought to be doing in terms of the review of the Heritage Savings Trust Fund. I think Mr. Nelson's recommendation 9 focuses very clearly on what this committee itself should be doing. If we look at recommendation 2, as part of some discussions that might take place before we finally deal with and vote on each of these recommendations, that wording, "the Government of Alberta," might be substituted with "the standing committee" in order that we carry out our role, which is to act as a committee of the Legislature specifically to review the performance of the Heritage Savings Trust Fund. That is our mandate, and I think we should not lose that focus.

This is a 10-year milestone; it's a decade. As Mr. Nelson has said, perhaps we should be doing a more thorough job, this year in particular, of that performance of the fund. I want to highlight that distinction in recommendation 2, because I think it is an important one. That is: which is the responsible body in terms of carrying out the review? I think it's important we recognize that that's our mandate as the standing committee.

MR. PIQUETTE: I also would like to second the motion of the Member for Calgary McCall.

MR. HYLAND: You're in real trouble. [laughter]

MR. PIQUETTE: It was well said, and I'd like to congratulate him on his statement.

The thing I object to with recommendations 2

and 9 is that they are not very specific in what we mean by a review. There is no statement of a public review, and I would not support a recommendation which would not ... For example, "consult with "business, labour, and the general public" is not very specific. It's too general in the sense that if we all agree that we should have some public input, we should be defining that more clearly.

In that sense, recommendation 2 really doesn't say how we're going to consult with business, labour, and the general public. If we had in recommendation 2 that it would be a public review, then I would agree with it, but I don't like the fact that this could be taken as a recommendation that really fails to implicate the public in an open debate. I think what I'm hearing from everyone here is that we do feel there needs to be an open debate about the present performance and the future direction of the fund and the whole aspect of making sure we address economic diversification and that we look for a submission along those lines. I think we need to have some clear direction if we're going to be doing that. A general recommendation which really doesn't address that is going to get lost unless this committee makes some specific recommendation on how that review process will take place. I would argue against the fact that we should just have a general statement which maybe means very little when it comes down to what this standing committee is going to be recommending.

MR. CHUMIR: My concern here is where we're heading in terms of the bottom line for recommendation. While the proposers of the four recommendations are going to get together and while there are some common denominators, I hear a very large and fundamental difference. Mr. Hyland was commenting on eliminating some of the detail and so on. I don't think a lot of detail is fundamental, but there's one thing that is fundamental and on which I hear differences of opinion being expressed at the table; that is, whether or not we have public hearings. I've heard some members here state that they think members of the Legislature are replete with all the wisdom, that everything the public has to say on this thing has already been said. I don't believe I've heard enough from members of the public on the heritage trust fund or indeed on almost any subject. If we disagree at this point

in time, we're not going to have any common denominator to come back to this committee with.

I'd like to suggest that it's very, very important to the people of this province that they have an opportunity to have some input, the average person, particularly the person who is especially knowledgeable and may come out of the woodwork, out of the universities and out of business, if invited to do so. One of the problems of the government so far has been that many decisions are perceived to have been taken behind closed doors. I think that really has to change. I'm getting the sense that maybe that lesson hasn't been learned.

I'd like to very strongly suggest that however we end up on this thing with all of the detail, there are two things that have to be focussed on, that have to be in any resolution. One is that there has to be a 10-year review with a task force. I'd like to add as a subportion of that that the task force should include all-party representation. The second aspect of it is that that review has to involve public hearings. All the other stuff, the detail, the boilerplate, about announcements and specific questions to be addressed and so on can go by the wayside. Those can be worked out, but the other aspect, the public hearings, is fundamental.

MR. CHAIRMAN: Is there any further discussion then on recommendations 2, 9, 22, or 33? If not, we'll move on to ...

MR. HYLAND: I would just ask one question, and maybe the Member for Calgary Mountain View or the Member for Calgary Buffalo could respond. I would assume — it may be the wrong assumption — that recommendations 2, 9, and whatever the other two numbers are, are recommending that it would be this committee that would do it rather than forming another committee. Sheldon, you just made the comment about a special committee or something. I'm not sure we're that far apart.

MR. CHUMIR: This committee would be appropriate, but I'm not wedded to this committee; some task force, whether or not it's expanded or narrowed in some way, as long as it has all-party representation.

MR. HYLAND: But this committee, with the exception of the Representative Party -- no,

the Representative Party is on it, so we're an all-party committee.

MR. PAYNE: Mr. Chairman, I hadn't planned to get in, but I guess this is an appropriate time to get on the record with, if not my skepticism, my position of being unpersuaded about "public hearings." Maybe it's a matter of definition. I visualize a half- or quarter-page ad in the two local newspapers, "public hearing on the heritage fund." I visualize who is going to come. I suspect the turnout would be similar to public hearings on other matters. Once you excuse all the journalists, of whom there would be a considerable number, and the party hacks on both sides, those who are there because they've been organized to be there so that we're not outgunned by the other guy, you have close to an empty room.

If there's a genuine interest in "grass-roots input" from people who we've agreed don't know much about the fund — and that's another question to resolve. I'm more persuaded that if the individual MLA holds a town-hall meeting or a barbecue or whatever medium works for him or her in his or her constituency and obtains that input from the "grass roots" and then returns to the Assembly for a debate, armed in part with information he's obtained from his constituents, that strikes me as a more realistic but perhaps less dramatic method than the public hearings that are being espoused by some of our members. I would like to go on record with that perhaps skepticism about the public hearing suggestion.

MR. HAWKESWORTH: I appreciate the comments that have been made, and that's why I said very early in the meeting this morning that if those four members could at some point sit together and maybe spend time on how these four might be incorporated and in that sense find common ground rather than sort of looking at the differences to start with, it might be easier as a committee to come up with a recommendation that has the consensus of pretty well all the members on the committee.

Nonetheless, a point I made earlier that I'd just like to re-emphasize is the importance of informed opinion. There's a lot of informed opinion out there. I think there's a lot of interest in a nonpartisan sense as to what this fund has done and what it's doing at present in terms of our economic situation in this

province. I think there will be a lot of informed opinion about what that fund might do for the province in the years to come, whether it's a town-hall meeting in 12 different communities, as Mr. McEachern has said, or a series of task force meetings with invited groups. There are a number of suggestions that are here in front of us for our consideration in terms of the detail. There are a lot of people out there who would like to have an opportunity to tell us . . .

MR. PIQUETTE: Say their piece.

MR. HAWKESWORTH: . . . to say their piece about what they think the fund could and should be doing. I think it's also an opportunity for people . . . [interjection] Anyway, I think it's an important opportunity. Before a position is hardened on the issue in public hearings, I'd like to see some further thought. I appreciate the skepticism which has been expressed. If we're going to set up a consultation process, I think we want it to be effective and informed, and we want it to provide ideas to us.

MR. CHUMIR: I agree that there is a great deal of informed opinion out there with respect to the heritage fund and other issues. Unless we have a fundamental philosophical difference on the nature of how the political process should operate — and I believe it's very, very important that those who are involved in government encourage public participation and debate. One of the failures of this government that I have perceived over the past 15 years is that of [not] stimulating widespread, informed debate in this province on many issues. We do not have a society which is very heavily engaged in issues and debate, very much the opposite. That would serve to the detriment of this province and public policy. One of the goals of government in this province should be to attempt to stimulate that through encouragement of involvement in public issues by members of the public. We don't have a tradition of public hearings, of inviting people to participate. For miscellaneous reasons, particularly its majority, it's been very convenient for the government to make decisions internally. We see this being reproduced in many ways, and at the present time to the detriment of the government. A particularly good example is with respect to the recent budget cuts which are being

implemented. I don't intend to go into a political diatribe here . . .

MR. GOGO: It's too late. You're already into it.

MR. CHUMIR: . . . but it is a philosophical issue. Whatever their merits — and there have to be some budget cuts. The Liberal Party is not of the philosophy that says you can't cut programs; they have to be looked at. But what is missing very clearly — and it's as clear as the beak on my face — is the consultation process. If there is a shortage of public opinion and public participation, if the hon. Member for Calgary Fish Creek is correct that there would not be meaningful public participation, then our role should be to get the ball moving so that there are more people involved and interested and informed, so that five, 10, or 15 years down the line we leave a legacy of a far more vibrant, alive, and questioning debating process in this province. I think we'd all benefit very much from that.

MR. PIQUETTE: I'm going to be very brief, but just in reacting to the statement from the Member for Calgary Fish Creek, I've been on one task force that our party organized, and that public input was very valuable. I think I got a very different perspective after travelling the province with the agricultural task force. I had a preconceived idea before I left, but I did not come back with preconceived ideas. I think I have a much more rounded opinion about what the general farming public would like to see in terms of agricultural policy. As well, I made the statement about the AADC review, which was done by this present government. I attended a couple of meetings, and I think the opinions expressed by ordinary Albertans are going to be valuable to the government in terms of reviewing the policies of the Alberta Agricultural Development Corporation and its future direction.

So in your statement that public hearings are not a valuable tool, that it's really only certain interest parties which are going to be in attendance — I don't think those two task forces or public hearings which have been going on in the province in the last couple of months are an indication of that. Maybe you're only going to have 25 or 30 people coming out, but at least the public feels that if they want to express

their opinions, they are valued in our society.

I would agree with the Member for Calgary Buffalo that here in Alberta we have a very uninformed public, and it's because in the past we have perhaps been afraid of involving them in the political process. I don't think the political process is fighting a nomination battle at election time. It's debating the public issues, and we fail to do that in this province.

MR. NELSON: Mr. Chairman, I didn't know they were going to start getting into party politics around here, but I remember well how the federal Liberals discussed publicly the national energy program that devastated this province and cost us many billions of dollars and how we've supported eastern Canada for so many years. We haven't had any public input into that. However, notwithstanding that, I tend to agree with the Member for Calgary Fish Creek in this respect. You know, there are a lot of various groups out there that are really fronts for political parties, political hacks, and what have you. I guess that if there are forums in your urban communities during election time, it's really a matter of a candidate getting numbers out, of who is going to get the biggest number out to support that particular candidate. The public really doesn't come out to listen to this stuff. I think members were elected to partake in their own communities, their own constituencies, the issues. I know I get a lot of input, and of course I've been getting a lot more lately from various parts of my communities of all — well, I won't get into that.

I think that if we ourselves want to, we can hold those meetings in each constituency and get input. We all know, though, that whether it's an all-party situation or an individual situation, it's a numbers game. Most of the general public won't come out. Most of the general public, even though I believe they care, will leave it to the political beings in the particular riding to get all their hacks together to go out and put a position forward and come out smelling like a rose. It's not hard to do that. I don't care whether you do it as a mixed party situation or as an individual situation, it's a numbers game: who can bring out the most numbers and in what form you bring them out. It's easy. There's no difference in that or any other type of thing where you've got groups that are aligned to a party or whether you've got a

forum or whatever. Let's be honest; that's the name of the game. I'm sorry if you don't agree; tough bananas. That's the reality of the world out there. If I want to go over to Hawkesworth's constituency and we want to have a big meeting, a mixed party, I can assure you that I'll get lots of numbers out there. Whether they're interested in the issue or not, we'll get some numbers out. But all they're going to do is shoot down his people and his people are going to shoot down mine. That's the reality of the world, the name of the game.

MR. CHUMIR: The world is too much with us, it sounds like.

MR. NELSON: The problem is that not enough of us realize what the real world is like.

MR. CHAIRMAN: Perhaps we could get back and focus on some of the recommendations in front of us. I appreciate that nobody wanted to get into a political diatribe; I really appreciate the way you've avoided it for the last 20 minutes. Perhaps with that aside, we could move on to recommendation 3. I recognize the Member for Lethbridge West.

MR. GOGO: Thank you, Chairman.

That the equity position of the Commercial Investment Division be increased by purchasing more common stocks in Canadian corporations.

The Act says that securities include many investments, including shares of capital stock. This commercial investment division is sort of a latecomer to the fund. When I look at the primary purpose of the fund, it is to produce revenue. That revenue can take many forms. Looking at the portfolio of the total Heritage Savings Trust Fund, it seems to me that the majority are debt securities; they're out at interest. I recognize that as an instrument of government policy the heritage fund pays no income tax -- I'm aware of that -- and therefore the effective yield is probably much higher than otherwise.

Nonetheless, having said that, Mr. Chairman, I think there is general agreement everywhere that long-term return on any investment generally is better when it involves ownership as opposed to debt securities. When I look at the amount of money invested in common stocks relative to the entire fund and at the

performance of that, it would lead me to the conclusion that we should invest much more heavily in Canada through capital stock in corporations. I've indicated the term "Canadian" corporations as opposed to other corporations. I think it would be a wise move of this committee to recommend to the investment committee of government that they increase the size of the investment they have in common stocks as opposed to debt securities.

Thank you.

MR. CHUMIR: I have some problems with this. It's not so much an opposition to increased equity investment; it's simply with the sense that we are giving a here and now direction of our investment opinion that common stocks are the place to go at this point in time. I don't know whether this is the intention of the Member for Lethbridge West; perhaps it isn't, and he might clarify it. I think anybody who follows investment generally is aware that whether you're into stocks, bonds, or whatever, your proportion in any portfolio will depend on the particular market at a given time. Three, four, or five years ago the place to be was in high yielding bonds, which had proven to be quite a bonanza. In the last year or two it's been in stocks.

The general thrust of what I would suggest and what we have proposed, particularly in the recommendations we have here, is that the investment should be put in the hands of an independent board which would make investment decisions. I have no problem including equity investments in giving them the broadest scope in terms of getting the best return, but I have some difficulties in the sense of suggesting to someone at this given time that a greater proportion of the investment should be in common stocks as opposed to bonds. I think that's a difficult decision. We may make one decision now and it may vary in three or six months.

That's the problem I have with the recommendation. Perhaps we might get some clarification from the hon. member. Perhaps he's indicating more of a general philosophical openness to this kind of investment rather than a narrow direction.

MR. GOGO: Chairman, if I could respond, I'm not talking about "at this point in time." Timing is probably everything when dealing with

common stocks. What I'm addressing is that out of the fund of \$13 billion or \$15 billion, depending on your point of view, there's less than \$200 million in common stocks. I think any prudent investment counsellor would suggest that if you're in a long-haul investment, you should have substantially more than 1 percent of an investment in the economy of the country if indeed you have faith in its economy. I was not addressing the question that the investment committee should move tomorrow to increase holdings in common stock, but as a matter of principle it should have substantially more of the total heritage fund in Canadian common stocks as opposed to debt securities.

MR. CHAIRMAN: Any further discussion on recommendation 3?

MR. R. MOORE: I have one basic concern. I like the concept in one way. The other one is that I would hate to think it would create a position where government would gain control of a company. That would go diabolically against my whole principle of government. I can see it if there were a limit on the percentage of shareholdings they could have in a company in common stock. However, if it ever got to a position where they got controlling interest or any say in it, I would be very, very reluctant to have it moving that way and see the next recommendation saying, "Well, we're 5 percent now; next year we should get 10 percent." I'd hate to see us moving that way.

MR. CHUMIR: How about 37 percent?

MR. R. MOORE: We're moving down.

MR. GOGO: For clarification, Mr. Chairman, it's policy that there's no more than 5 percent in any company.

MR. HAWKESWORTH: Just as a point of clarification, did the hon. member say "diabolically opposed" or "diametrically opposed"?

MR. R. MOORE: Either one.

MR. CHAIRMAN: Is there then any further discussion at this time on recommendation 3?

AN HON. MEMBER: What was it, John? Five

percent?

MR. NELSON: That's legislated.

MR. CHAIRMAN: If not, we'll move on to recommendation 4.

MR. GOGO: Mr. Chairman, this is probably almost an editing thing. I just feel that energy related investments should be in the energy investment division of the fund. The Alberta Energy Company, not only by its name but by its activities, is energy related. It has some holdings in forestry and others, but it's primarily an energy company. Therefore, I think it should be listed under schedule 4 of the Alberta Heritage Savings Trust Fund annual report and moved from where it is, in the Alberta investment division, to the energy investment division.

Thank you.

MR. CHAIRMAN: Any further discussion?

MR. PAYNE: At the risk of affecting my very fine working relationship with my colleague from Lethbridge West, I find myself once again taking the other side, but with not much emphasis. If my memory serves me correctly, at the time of the heritage fund's investment in the Energy Company that investment was made not because it was an energy company but because it was an Alberta company. Had that been the Saskatchewan energy company or the Nova Scotia energy company, they obviously would not even have been considered. It seems to me that if we were to implement this suggestion, which otherwise has merit, there is risk of a misunderstanding as to the rationale behind the investment in the first place.

MR. CHUMIR: How about reducing the shareholdings?

MR. NELSON: They already have. Thirteen percent.

MR. CHUMIR: How much? Thirty-seven, isn't it?

MR. NELSON: Yes, it is now. It was fifty.

MR. CHUMIR: Oh, it's down 13 percent.

MR. PAYNE: Heading in the right direction, hon. Member for Calgary Buffalo.

MR. CHAIRMAN: Any further discussion then on recommendation 4?

MR. NELSON: I think we ought to adjourn till 2 o'clock.

MR. CHAIRMAN: In light of the hour it might be appropriate. I want to thank the members for their co-operation in establishing some ground rules for reviewing the recommendations. Certainly the Chair would encourage any of the members who have recommendations under the same heading to get together. If you can come up with some common ground, it would make our job easier at the conclusion.

On that note we stand adjourned then until two this afternoon.

[The committee adjourned at 11:54 a.m.]