

[Chairman: Mr. Oldring]

[2:02 p.m.]

MR. CHAIRMAN: Ladies and gentlemen, we'll call the meeting to order and begin with recommendation 63. Thanks to the co-operation of the committee and their superb effort this week, we only have five recommendations left to deal with. I'm sure we can get done in a short time. The Chair will recognize the Member for Edmonton Kingsway.

MR. McEACHERN: Mr. Chairman, number 63 is:

That the Alberta Heritage Foundation for Medical Research be encouraged to initiate a research project to determine the cause, environmental or genetic, of geographical areas in Alberta suffering from a much higher than normal cancer rate among its population.

My colleague Mr. Piquette is not here, but he would tell you that that area applies to the territory where he lives. The cancer rate up there is statistically significantly higher than the rest of Alberta, I gather. I believe that's why he put this resolution forward. One can only say that it's something that could certainly do with some attention. This committee doesn't have any right to direct the medical research endowment fund, but we could certainly encourage them, through the investment committee, to take a look at this problem. Other than that, there really isn't much more to say.

MR. CHAIRMAN: Any further discussion?

MR. CHUMIR: Just a quick question. Would this come through the capital projects division but be based on the existing amount of funding that has already been allocated for medical research?

MR. McEACHERN: Yes, that's right. You see, they have their \$300 million fund.

MR. CHUMIR: So it's not a proposal for any new investment.

MR. McEACHERN: Only in the same sense that we were talking about the scholarship fund. It's money that's already been set aside. I guess we're just asking them to put a priority on that

within their existing budget.

MR. PAYNE: Mr. Chairman, before you invite Mr. Chumir's comments on recommendation 64, could I suggest that although it has far fewer words, it has precisely the same intent as recommendation 60, the only slight difference being the word "encourage" in number 60 and the word "re-established" in number 64.

MR. McEACHERN: If we're talking along that line, 64 and 65 together are quite a lot like number 60, but I wouldn't say that they're close enough that we cannot treat them separately. I'm not sure about that.

MR. CHAIRMAN: The Chair had recognized the Member for Calgary Buffalo on recommendation 64.

MR. CHUMIR: I assume that resolution 60 has in fact been debated.

MR. PAYNE: A rousing discussion this morning.

MR. CHUMIR: A great debate?

MR. McEACHERN: No, not really.

MR. R. MOORE: It was fully discussed.

MR. CHUMIR: Legendary?

MR. McEACHERN: Moderate.

AN HON. MEMBER: By moderates.

MR. CHUMIR: Recommendation 64 is to the effect:

That economic diversification should be re-established as one of the primary objectives of the Alberta Heritage Savings Trust Fund.

This, of course, was one of the very clear original mandates when the trust fund was established in 1976. Then Premier Lougheed was quoted in Hansard as having stated that the investments of the fund must meet both of two important challenges . . . It must offset the probability of declining revenue in the future by its appreciation and by its income. At the same time, it must be a vehicle for diversification and

for strengthening our economy . . . It must do both.

Over the next four years the perception of the role of the fund as a major element in diversifying the Alberta economy was apparently eroded. This is exemplified by the fact that certainly no more than 10 percent of the heritage fund, if that — and that's stretching it — has been invested in economic diversification per se.

In 1980 the then Premier was quoted in Hansard once again as having stated in response to a statement:

If I understand the view expressed by the hon. Member . . . the primary purpose of the Heritage Savings Trust Fund should be as a vehicle for economic development and economic diversification within the province. That, of course, is a laudable goal in the sense of the objective of diversification . . . However, it is not the objective of the Heritage Savings Trust Fund.

In that very same year, 1980, the Alberta Heritage Savings Trust Fund Act was amended and changed from having an objective of "strengthen and diversify" to "strengthen or diversify." That is the way the legislation reads at the present time, and it is the position of the provincial Liberal Party that that should be re-established as one of the primary and narrower goals of the Heritage Savings Trust Fund, along with the goal of savings and generation of income, which is related to resolution 66, which we have proposed as well and which we'll be discussing momentarily.

So the basic purpose of this recommendation is for this committee to recognize publicly and acknowledge that there has been a deviation from that goal. I might speculate that the reason for the deviation was that around the years 1979 and 1980 the economy in Alberta was looking so good that everybody seemed to be of the view that the party was to continue forever. Diversification under those circumstances, if one was so deluded, would be of lesser concern. So part and parcel of our recommendation would be inherently to recommend a change in the wording of the legislation to one of the objectives being to "strengthen and diversify."

Anyway, 65 is a related resolution, but I'll restrain commentary on that until we have any discussion or comment on the general principle

here.

MR. CHAIRMAN: I'm sure the Member for Calgary Buffalo will be interested in reading Hansard for the discussions revolving around recommendation 60. I think he'd read some appropriate arguments for recommendations 64 and 65 as well.

MR. GOGO: Mr. Chairman, I can't quarrel with number 64, but I want to refer members of the committee to the authority under which we operate, the Heritage Savings Trust Fund Act, section 6, which says:

The assets of the Fund shall be used for the following purposes:

(a) the making of investments . . .

And that's surely what the fund is about.

. . . in projects which will provide long term economic or social benefits to the people of Alberta but which will not by their nature yield a return to the Trust Fund.

Then it goes on and talks about investments. I think the operative section is:

(c) the making of investments which, in the opinion of the Investment Committee, or in the opinion of the Legislative Assembly as expressed in a resolution of the Assembly,

(i) will yield a reasonable return or profit to the Trust Fund.

Unless I'm wrong, Mr. Chairman, it seems to me that it's inherent in that statement of the Act that section 6 spells all that out. I think we raised that this morning. We keep talking about the rights of the Assembly and the elected persons who make decisions. Surely a resolution of the House means that if we convince our colleagues in the House, the investment committee is virtually bound by that. So I think section 6 of the Act now spells it out very clearly.

To re-emphasize that economic diversification should be re-established, one automatically assumes that it has been taken away. I think we're playing on words a bit. If the objective of the fund is to provide long-term economic and social benefit to Albertans, then as members of the Assembly let's convince, by way of resolution of the Assembly, which direction the management committee should take.

MR. McEACHERN: John, I'd point out that a large portion of the fund is not under the purview of the Legislature, so that suggestion you made is somewhat limited. The Alberta division and the Canada division, the major parts of the fund, are not under the purview of the Legislature, so the Legislature is not likely to make those kinds of recommendations.

If you look at numbers 64 and 65(1) together, I've got to admit they really very closely resemble number 60. However, 65(2) does have a little different suggestion in terms of setting up a board to run this diversification fund. One minor comment on that -- of course, I like the overall thrust of 64 and 65 because they parallel our own number 60. But I think this board, as stated in 65(2), does have some danger of becoming another Vencap in a sense, and of course I would hope it would not, if one did go ahead and set up that sort of thing.

MR. CHUMIR: My comment in respect of Mr. Gogo's statement is that while there is now authority and capacity to utilize the fund for diversification, the legislative history combined with the actual investment performance of the fund in the past reveal that the diversification aspect of it has not in fact been adequately focused. Insofar as the role and authority of the Legislature to push investment in that direction is concerned, I guess my purpose in raising this resolution now is to apply the philosophy that you have to start somewhere. Let's start here in this committee and give the Legislature some guidance that as a group which has spent all this time reviewing this particular issue, we are of the view that diversification of the fund is something we should be concentrating on more precisely.

Aside from that, Mr. McEachern referred to some aspects of resolution 65. I assume we haven't quite gotten to that and I'll have an opportunity to make some brief comments on that.

MR. CHAIRMAN: May we proceed at this time to recommendation 65?

MR. CHUMIR: Mr. Chairman, that reads:

That

(1) an Economic Diversification Fund should be created, whose mandate it would be to make debt and equity investments in an effort to actively encourage the

creation of new businesses in Alberta, (2) the Economic Diversification Fund 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 by the Legislative Assembly.

This is a recommendation by way of providing a modus operandi for effectuating the general principle in resolution 64 of refocusing on economic diversification. It would provide a separate fund with a sum of money to be voted in advance by the authority of the Legislature. The amount and the philosophy and principles upon which the amount would be advanced would be subject to the dictate of the Legislature, but there would be an economic diversification board which would make recommendations. It would be composed of economic experts, people very knowledgeable in economic business and industry. They would recommend the appropriate amounts and the broad terms of reference, and thereafter they would be responsible for actual management of this fund and making decisions with respect to the precise and specific investments that would be made, subject again to subsequent review by the Legislative Assembly.

MR. GOGO: I have a question. The Member for Calgary Buffalo uses the term "economic diversification fund." Are you suggesting that there be a sixth division created called the diversification division? Is that what we want?

MR. CHUMIR: Yes, there would be. In fact, we would in the short haul prefer to see the heritage fund redirected and remassaged into two elements: one, the economic diversification fund, which would include assets of the heritage fund which now relate to economic diversification, which would be managed by this board; and a second component, being the Alberta income fund. We would no longer have a capital projects division as such as part of the fund, and there would be a phasing out of loans from the fund to provincial Crown corporations. They would be subject to market discipline in their borrowing.

MR. GOGO: That's far broader than what I

thought. I thought you wanted to create a sixth division called a diversification division. If you were advocating that we sell Alberta heritage bonds to raise the money with which to do it, I was very interested.

MR. R. SPEAKER: Just a further question for clarification. I think part of my question is answered. In terms of the Alberta Opportunity Company or the small business programs of government or the venture capital, where would you see those fitting into this concept you've got? I think you've just answered for AOC. It would disappear.

MR. CHUMIR: It need not necessarily disappear. It may be something which would be supported through the economic diversification fund, depending on the decisions and advice of that particular board and the experts when they pulled the whole package together and gave it a very complete look. It might continue, but what wouldn't continue would be the simple and straightforward funding of the Alberta Opportunity Company through the debentures from the heritage savings fund automatically being conceived of as an investment under the Alberta investment division. That definitely would not continue.

MR. R. SPEAKER: Would you see Vencap coming back in, being administered . . .

MR. CHUMIR: Vencap would be another thing that probably could be administered either in its present form, an altered form, disbanded form, whatever. There are no preconceived notions as to the breadth of the decisions and recommendations that would be made by this economic diversification board. It is a matter that is very, very complex, and it requires a lot of thought, a lot of expertise and development of a game plan. All these things may form parts of that plan in the same or different form. I suspect that as with most things we've seen in the province in the last number of years, we could probably do a heck of a lot better.

MR. GOGO: Sounds biased.

MR. CHAIRMAN: We'll move on to recommendation 66.

MR. CHUMIR: I wonder, would it be

appropriate to read this? It's a rather lengthy one. How will it appear in terms of somebody wishing to refer to Hansard?

MR. CHAIRMAN: It was already read into Hansard when it was introduced.

MR. CHUMIR: I'm thinking in terms of somebody looking at the record of this at some stage. They would be forced to go back to some earlier edition of Hansard.

MR. GOGO: You probably could have read it into it in the same time as you've talked about it.

MR. CHUMIR: Mr. Gogo with his usual insight. The recommendation is:

That

(1) the Alberta Income Fund should be created by pulling together the income-earning assets of the Alberta Heritage Savings Trust Fund;

(2) 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 and Marketable Securities, and the Alberta Investment Division;

(3) 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;

(4) 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;

(5) 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.

As I noted very briefly in discussion on the previous resolution, we see this as a second branch of a reformed heritage fund to meet the needs of the future, at least as they appear at this particular stage and time, taking into account that we're in a very, very fluid economic situation and circumstances could change in a year or two.

We feel at this point in time that there is

some merit in maintaining a nest egg for the future and for having current needs, whether capital or operating, satisfied through the utilization of a market discipline. If we're going to have a savings component in the heritage trust fund, it's our view that it should be formulated on a basis where that is its true mandate, and which will provide the maximum return to the province. At the present time, what are conceived of as investment components, particularly under the Alberta investment division, are largely put into Crown corporations, which are inherently subject to the economic swings, the ups and downs of the economy, and they go down. When we should be seeking shelter, they themselves are suffering. So we'd like to see them de-emphasized in the long haul, although initially they would be part of the fund.

We'd like to establish a true investment climate by setting this up under the independent management of an investment board, with directions to that investment board to focus on the utilization of Alberta investment firms for purposes of developing expertise, and having the investment portfolio managed on a competitive basis so that we have some basis for comparison. That is the general thrust of that recommendation.

MR. PAYNE: Mr. Chairman, the Member for Calgary Buffalo has a number of endearing qualities, not the least of which are his occasional flashes of -- what shall I call it? -- blue Grit philosophy, the most recent example being sections (4) and (5) of recommendation 66, which I intuitively or spontaneously wish to support.

MR. CHUMIR: I'm a hard-nosed businessman.

MR. PAYNE: They both, of course, merit some considerable research, and I would welcome some supplementary comment at some point by the Provincial Treasurer. But subject to that additional research requirement, I am in fundamental agreement with the thrust of sections 4 and 5.

MR. CHUMIR: I'll look forward to your support next week.

MR. PAYNE: That support, regrettably, Mr. Chairman, would be somewhat compromised,

however, by the leftist thrust of section (3).

MR. CHUMIR: The leftist thrust is -- may the record note that number (3) is focused on the role of the board to manage the income fund to maximize the return on investment.

MR. PAYNE: That's a leftist concept.

MR. CHUMIR: That is the leftist concept. Well, certainly it's foreign to this government.

MR. PAYNE: Mr. Chairman, with the greatest respect, it wasn't the objective of that section that gave me trouble; it was the mechanism to achieve it.

MR. CHUMIR: That's the leftist solution of the state of Alaska, that left-wing bastion of the United States.

MR. NELSON: You want to hear a left-winger? Here I am.

Mr. Chairman, to espouse the previous comments of the Member for Calgary Fish Creek, I too think that the Member for Calgary Buffalo has some reasonable thoughts in both this particular motion and the previous one. I put forward to the committee motion 9, with regard to taking time to review the overall direction of the investments of the fund, et cetera. I know the government takes the view that the committee has a mandate to review the operations of the Heritage Savings Trust Fund. I agree that we have a mandate to review it, but unfortunately we don't have a mandate to do anything, or very little except pass or fail the motions that come before the committee. Of course, the reason for my motion was to put some teeth in so that we can not only review but also make some concrete recommendations that would be acted upon.

Over the last four years that I have been a member of this committee, I haven't seen too many things that have been acted on. When the reports are done on the fund and what have you, and I have one here, there have been some words of wisdom or otherwise written by the government in response to the recommendations, but I've never seen too much action on those recommendations. So I have a little bit of difficulty insofar as how far we might be able to go, and I guess it's a kind of feeling that maybe we're here going through

this . . .

MR. PAYNE: Charade?

MR. NELSON: Well, I don't want to use that word. It was the only one I could think of, though.

MR. CHUMIR: Masquerade?

MR. CHAIRMAN: The Chair would point out that 70 to 80 percent of the committee's recommendations have been implemented during the past 10 years.

MR. GOGO: Quite a record.

MR. HERON: Quite a record, Mr. Chairman, indeed.

MR. NELSON: Well, I question that. In any event . . .

MR. GOGO: We have a new leader, Stan.

MR. NELSON: I'm sure that our new leader is certainly aggressively pursuing ways and means to ensure the diversification of our economy and so on. I'm sure that if we were to take a little extra time and review the overall thrust of the fund itself, we may be able to have the opportunity to advise the cabinet of a direction that they could examine in making their wise decisions on the investments of this fund.

MR. GOGO: Is this 9 or 66 you're talking about?

MR. NELSON: I'm talking about 66. I want to keep on track, though.

Mr. Chairman, I too would certainly feel compelled to support a fair portion of this particular motion, and at the same time, of course, I'm not overly enthused about other parts. We can certainly deal with that next week, split it apart, and do whatever we need to do without compromising the element of our business-mindedness in keeping the so-called left away from our philosophical views.

MR. BRADLEY: Mr. Chairman, I'm amazed that part of the Member for Calgary Buffalo's recommendation supports my recommendation 6 in terms of looking at bringing a high rate of

return, particularly with regard to his section (2). So there is some merit to parts of recommendation 66 that the Member for Calgary Buffalo brings forward.

But I do have some difficulties with other parts of the recommendation: setting up an income fund investment board. We have an investment committee of the Heritage Savings Trust Fund that is a group of elected people, so they're directly responsible in that sense, that they're members of the Assembly. It would be very easy to delegate that responsibility to some nonelected people, and then in terms of their responsibility you could say, "Well, that was an investment committee of private-sector people" and shuffle off the responsibility. But in this case, these people are directly responsible and answerable in the Legislature and answerable as a government to the people of Alberta in terms of the management of the Heritage Savings Trust Fund. That's one thing I've got there.

The other thought I'd put out there is that I believe we've put together over the past number of years a very good group of money managers in the Treasury Department. I think they have a fairly good track record in terms of the investments they've made to date on the income-earning side of the Heritage Savings Trust Fund. Just to reflect that, in the current issue of the international finance review the money managers in Treasury in terms of Eurobond issues were rated as being the bond issue of the year. People in our Treasury Department put together that very significant bond issue, which was well received in the money markets of Europe. If we have those kinds of people in there who can put forward that type of an issue and receive the plaudits of the international finance community, I think we've got some pretty good people investing that money today.

MR. GOGO: Chairman, I'm always pleased to hear the Member for Pincher Creek-Crowsnest. I have some trouble relating 66 to 6, but I'm like the Member for Calgary Fish Creek; I think there's some merit in sections of recommendation 66. I'm thinking more and more. Notwithstanding the comments by Mr. Bradley, I don't question that Treasury has competent people, but we seem to endorse the principle of competition and incentives, and I wonder if there wouldn't be merit in creating

the equivalent of some fund managers. We could allocate resources from the income-producing portions of the fund on a competitive basis, and people would be rewarded on the basis of performance. I think that's a pretty good idea. I assume that you could in effect create three mutual funds or whatever and have those people manage them as long as you didn't destroy the integrity of the Alberta Heritage Savings Trust Fund.

That's one of the things that concerns me a little bit. The Member for Calgary Buffalo says you should take all those income-producing resources, re-create an income fund known as the Alberta income fund, and then manage those for the maximum return. I assume that's being done now just by different names. As the member knows, there is a recommendation somewhere that we should call a spade a spade and move energy-related projects -- as long as we have an energy division of the fund -- under that. As you heard Dr. Webber say, he had no objection to that.

Just dealing with number (5), I don't know the difference between private sector and public sector. I think the only difference is that the private sector is sometimes subsidized. So I don't understand the difference between public and private in that case, notwithstanding the guffaws I'm already hearing. You give the oil industry \$1 billion and suddenly they're great private-sector people. Yet when we have housing and provide a social need, they're disastrous. The only reason we're there is because the private sector defaulted and couldn't do the job, so I have some trouble with the term.

But I like the principle of having money managed not by gunslingers necessarily but by money managers. We could create some incentive by offering an opportunity to Alberta money managers to operate several funds and reward them on the basis of return. I think that would be innovative, exciting, and beneficial to the fund.

MR. CHUMIR: Just by way of wrap-up and response to Mr. Gogo's comments, he thought there isn't a huge amount of difference between the proposal for an income fund and the current fund. There are fundamentally two differences, one of which is, as I mentioned earlier, the utilization of very significant amounts of money from the heritage trust fund for purposes of

making loans to provincial Crown corporations. I think that's a direction we should change -- not meaning that these corporations should not exist or should not be funded but rather that they should go to the discipline of the market. The savings fund should be put into investments which are not subject to the economic swings in the same way as these are, because the purpose of the fund in one sense is to counteract these swings.

The second thing is the management concept. There was an earlier comment. Mr. Bradley was commenting about accountability. There are two things that you want, obviously, in a fund: you want a return, and you are dealing with money, so you have to have accountability. The thrust here in terms of private management is just the sense that we're going to get a better return from this form of private management than we would on a global basis.

I note heads waving and questions and arms thrown into the air. Perhaps you might wish to debate with Mr. Payne the elements of socialism. It appears that Mr. Bradley likes to have government management of these entities. This is to get it out of government. In fact, the element of accountability would obviously, though, still pertain through responsibility for how this is operated.

MR. McEACHERN: Like in Vencap?

MR. CHAIRMAN: Maybe we can get back to motion 66.

MR. BRADLEY: Just to clarify the record, what I did express was my confidence in the ability of the money managers in Treasury, that they had good performance. I didn't express the viewpoint as to who I prefer to be managing the funds.

MR. NELSON: Mr. Chairman, on this point that you made with regard to 80 percent of the recommendations being utilized by the government, I'm not going to question the 80 percent, because the recommendations that have been utilized by the government may or may not have been fairly high. However, the point I wish to make is that the recommendations that relate to expenditures or the investment of dollars of this fund or the impact it may or may not have on the taxpayer

of Alberta -- if you examine the past history where there is an expense of dollars involved as far as recommendations are concerned, they have not necessarily been approved or taken into account by the government.

MR. CHAIRMAN: There being no further discussion on recommendation 66, we move on to recommendation 67.

MR. CHUMIR: This recommendation is that:
The Auditor General should have his mandate extended so that value for money issues relating to the Alberta Heritage Savings Trust Fund can be investigated by the Auditor General.

Under the present mandate of the provincial Auditor General, that officer does not have the jurisdiction or authority to comment on instances in which he or she believes that public moneys were not spent effectively. This is unlike the federal Auditor General's office, which does have that broader mandate, and I think it's quite clear to anyone who has read any portions of his reports or commentaries upon his reports that there is a much broader subject matter commented upon. This is a matter, I guess, for debate. Reasonable people can differ on it. The arguments made against that form of mandate are that the comments are often bordering on the political when you talk about subjective matters as to the wisdom, financial or otherwise, of doing certain types of matters.

However, I guess it is my general predilection toward expanding the mandate on the basis that the Auditor General has access to far more information and sees and knows more than any legislator does. I'm generally in favour of expanding the input we as a community have in terms of differing points of view about issues. When one's own ox is being gored, there's greater reluctance to support that. But in terms of the process, I think the process is enhanced. The jury is out on that. We're in relative infancy in terms of that form of auditor generalship, but I think that would be a useful role for the Auditor General to play in Alberta, and that's the purpose of this recommendation.

MR. McEACHERN: Just very briefly, I agree that the Auditor General has certain expertise and, in a sense, almost inside knowledge of what's going on in a kind of detail that the rest

of us cannot get from the annual statements and even from questioning about those annual statements. To not take full advantage of his views -- as a person his views may be no more important than anyone else's, but because they're based on a lot of experience in the area and because he has a lot of detailed knowledge that he can't give to us in a couple of hours here, at least not totally, he has valuable information and would be a valuable asset to the analysis of where we go and what we do with the economy of this province in a way that we're really not taking full advantage of now.

Sometimes it would be embarrassing. We know that some of the auditors general at the federal level have roasted the Liberal government really well in recent years and occasionally some parts or aspects of the present government. That's as it should be, and I think we've asked our Auditor General to be much too careful and much too guarded in staying within certain parameters. I think we are missing a valuable resource that we could have in this province.

MR. GOGO: I don't agree with the proposal. The inference is almost made that because we're dealing with public dollars, there should be total access to information. The Legislative Assembly Act has that in place, and it's called public accounts. One can look at every expenditure by the government of Alberta. The heritage fund really is unique; it's different. It's so different that for obvious reasons its investment policies in terms of decision-making can't be made in public any more than the Calgary city council discusses its land acquisitions in public. Those things cannot be done. I think we've long accepted that principle. What we're talking about here is a dramatic change in principle, where an employee of the Assembly is suddenly going to be in a position to make the judgment publicly of value for money issues. I have some difficulty with that, because surely the results speak for themselves. The judgment is reflected in the results of the heritage fund.

Presumably the Member for Calgary Buffalo would say that he wouldn't even be talking about the capital projects division, because how do you put a value for money related to that? I'll concede that that's not what he means anyway; he means investment return. Surely that's spelled out in terms of the annual

reports. I don't think the Auditor General should have that jurisdiction any more than he has jurisdiction over management letters between ministers and their departments. That's none of his affair; he shouldn't be sitting in that judgment. That's why a person is elected and appointed to that role. Unless I'm missing something, I don't see at this time why his power should be extended.

MR. McEACHERN: Sorry, John. I think you misunderstand the point. We're not saying that he uses his inside knowledge in any way to embarrass anybody or break any of the basic rules of an auditor. All I'm saying is that because of the fact that he is an expert in the area, we've sort of stopped him from being a full citizen of the province in some senses of the word. Any citizen has the right to get involved in a political debate of what goes on in this province. I'm on the heritage trust fund, I've done a lot of work on it, but others have the right to speak as much. Any other citizen except the Auditor General could have done the same kinds of things I did, asked the same kinds of questions, and put forward the same kinds of ideas.

For some reason he feels that he doesn't have the right to make statements that might be taken as sort of political or as somehow insinuating, and I don't see any reason why he should. If he really feels, once he's analyzed something, that there's something wrong with the fundamental direction and policy involved in that particular thing he's just analyzed, why shouldn't he stand up and say so the same as any other Tom, Dick, or Harry in this province? I would maintain that because of his knowledge and expertise, his advice and suggestions would in a sense have that much more importance for us to take notice of. It doesn't say that we necessarily agree with him or that the Legislature, the cabinet, or anybody else would necessarily agree with him, but we almost neutralize him the way his mandate is and the way he operates it. I'm saying that we're missing a very valuable tool that we could have in this province. There's something about the contract or something about the way it operates so that we don't use it.

MR. GOGO: But you'll concede that he has that power now in all government expenditures? It's just not related to the Heritage Savings Trust

Fund.

MR. McEACHERN: On any of them. I don't care whether it's heritage trust fund or anything he audits or any opinion he might have; we do not get an opinion out of him.

MR. GOGO: Are you talking legislatively or job securitywise?

MR. McEACHERN: Any way. It's almost as if he says his mandate is to be totally neutral, like a judge. I'm saying that that's unfortunate, that his mandate should not be considered as having to take a neutral position.

MR. GOGO: Then we should be looking at the Auditor General Act and not the Heritage Savings Trust Fund Act.

MR. McEACHERN: That could be.

MR. CHUMIR: I think it would be valuable, and from my own point of view I would certainly like to see some comment of the Auditor General on the deal that was entered into by the province with respect to the Ribbon Creek development and the rate of return, based on somebody who has had a look at the documents as opposed to our sitting here as a group that can't even, at least to date, see the basic agreement. I think that would certainly be valuable for the purposes of public debate, and there are many others.

MR. McEACHERN: You might like to look back at the discussion between the Auditor General and myself in the third sitting. I tried to draw him out to take that role and he said no, he would stay neutral.

MR. CHAIRMAN: That concludes the discussion of recommendations. I would thank the committee again for their co-operation and indulgence and remind you that tomorrow is a reading day and that one week from today, beginning at 9 a.m., we shall reconvene to vote on the recommendations before us. Again, if there's an opportunity for consolidation, the onus is upon the individual members to bring forward consolidated recommendations at 9 a.m. next week.

MR. McEACHERN: Can I make a suggestion

then that those people who are interested in seeing if we can get some amalgamation stay behind now and we spend half an hour and see how we make out? If we need to meet again tomorrow morning or something, great, but if not, we could do it today.

MR. CHAIRMAN: That would be appropriate.

MR. McEACHERN: But not as part of the formal committee.

MR. GOGO: I want to ask Mr. Hawkesworth if he will amend 55 and resubmit it or . . .

MR. HAWKESWORTH: Can I just talk to you about that? Sure, let's do that.

MR. CHAIRMAN: There being no further business this afternoon, we stand adjourned until Wednesday at 9 a.m. Lunch will be served.

[The committee adjourned at 2:52 p.m.]