

10 a.m.

Tuesday, January 31, 1995

[Chairman: Mr. Dunford]

MR. CHAIRMAN: All right. I'll call the meeting to order. I'd just like to remind committee members that we are here to debate the resolutions. The resolution sheet that I will be working from has been circulated perhaps through the mail but also in the House this morning. It's a document that is dated January 30, 1995, and lists 29 recommendations.

I want to remind the committee members of the proceedings today in the sense that we will not accept any further recommendations. We are here to debate the 29 that are in front of us. Time has been allowed for any discussion in order for these to be amended or combined. When we proceed now into debate, we will deal with it in the manner in which we've dealt with it previously in the sense that the mover of the recommendation will speak for their recommendation. Then we'll simply go to debate on the con side, back to the pro side, back to the con side until there's no speaker on either side, in which case we will then ask the mover to close debate or he can of course relinquish his position to another member in closing.

All right. I'm not sure how these were numbered particularly, but I recognize the unbiasedness of my able assistant at the Table, and I think that's how she numbered.

We'll begin with number 1 then. Howard Sapers.

1. Moved by Mr. Sapers:

Be it resolved that a three-year business plan be developed regarding the priorities for commercialization of research products resulting from projects funded by the Alberta Heritage Foundation for Medical Research.

MR. SAPERS: Thank you, Mr. Chairman. Is it necessary for me to read the motion into the record at this point?

MR. CHAIRMAN: I don't believe it is. If we're all working from the same page, we'll just say: okay; number 1, Howard Sapers.

MR. SAPERS: So number 1, moved by myself, is fairly self-evident. During the discussion regarding the Alberta Heritage Foundation for Medical Research we saw a video, I recall, of some evidence of some commercialization projects. The director talked a lot about how they're moving towards combining their decisions about what they fund with its potential for commercial payback, yet we didn't see any real evidence that this was a planned activity. Keeping with the government's commitment to three-year business plans, it makes sense that funds spent through the Heritage Foundation for Medical Research should be governed by the same kinds of public statements about the intent of how that money will be used and subject to the same kind of scrutiny and the same kinds of performance measures that you would expect to see in a business plan. What this motion does is simply apply to this foundation the same reasoning that the government has applied to its departments. So the motion calls for the development of a business plan, specifically one which would list the priorities for commercialization.

MR. CHAIRMAN: Okay. Thank you.

Does any member wish to speak against this recommendation? Do you want to close debate?

MR. HERARD: Mr. Chairman, can we speak for it?

MR. CHAIRMAN: No.

MR. CHAIRMAN: Does anybody wish to speak against it? Bonnie Laing.

MRS. LAING: Not exactly against it, but I want to ask a question. Would this perhaps lead to taking them out from under sort of a protection while they're developing the procedure or the research and sort of tipping their hand to other people who are perhaps competing commercially? I mean, if you have a company, you don't put the formula out there for discussion for other people who are competing against you. I'm just wondering whether this would have an impact on protecting the research while you are developing it and while you're working on it.

MR. SAPERS: Well, Bonnie, I think that's a really good question. I can't see that being an issue, though, for a couple of reasons. One, the business plans themselves would not have to speak to individual trade secrets, or they would not have to speak to processes that were about to be patented. The business plan would talk about areas of priority. So if you were doing research in biogenetic engineering, for example, that's not a closed secret. In fact, the academic community is not all that large in some of these highly specialized areas, and those individuals that would normally be involved in those pursuits are generally well aware of the general directions of their colleagues in any case. So I don't think that committing commercialization in a business plan would in any way undermine the potential for commercializing the product.

MR. CHAIRMAN: Any member wishing to speak against the recommendation?

Sir, you can close debate.

MR. SAPERS: I would call the question, Mr. Chairman.

MR. CHAIRMAN: No. The question is not called at this time. We reconvene tomorrow, and we just do a straight-out vote.

MRS. FORSYTH: Wake up.

MR. SAPERS: Thank you, Heather. Let the record show that Calgary-Fish Creek is in fact attending, Mr. Chairman.

MR. CHAIRMAN: Now, that's not really a fair comment. *Hansard* now of course has to take it because it's verbatim.

MRS. FORSYTH: Calgary-Fish Creek has always been here.

MR. CHAIRMAN: Calgary-Fish Creek is always here. It reminds me of the old story about the two sailors. That is a long story which we don't want to get into, but if I hear any further comments about somebody's attendance or not, I will force you to listen to my story about the two sailors.

Number 2, Howard Sapers.

2. Moved by Mr. Sapers:

Be it resolved that no funding in the form of venture capital be provided through the Alberta Heritage Foundation for Medical Research.

MR. SAPERS: Thank you, Mr. Chairman. Again, during the discussion of the activities of the Alberta Heritage Foundation for Medical Research it became apparent that the foundation has begun to put more and more emphasis not just on commercializing its

research projects but in fact on trying to pick winners at the get-go and providing venture capital and start-up funds for those projects. It seems to me that this is not the most appropriate use of research dollars. If this is primarily a foundation that is designed to support research – and certainly that research at some point needs to be tied to the potential for commercialization – that's one thing. But it's entirely something else for this foundation to be providing venture capital, particularly because if you look at the chain of command, you see that ultimately it's cabinet that makes decisions about how much money goes into the foundation and therefore what may be available. For a government that stated that it wants to be out of the business of being in business and should no longer be involved in trying to pick winners and losers in the marketplace, it seems to me that providing straight venture capital would be an inappropriate activity of the foundation.

MR. CHAIRMAN: Any member wishing to speak against the recommendation? Ken Nicol.

DR. NICOL: If I could, Mr. Chairman, just a question on that. How does Mr. Sapers see this kind of thing becoming commercialized, then, if he's not going to allow the efforts to be put into commercialization as part of the research funding?

MR. SAPERS: I see that there is a difference between taking an idea through development to the point where it can be commercialized or proving its value on the commercial market and then helping write business plans that would allow you to go to places like AOC or getting Vencap funding or being able to go to the Federal Business Development Bank, et cetera, et cetera. I see that as an entirely different process than at the very beginning of the project going to a foundation that's set up primarily to sponsor medical research and saying, "What we want is money that you can give us so that we can capitalize our program." I don't believe it's an appropriate use of research dollars to be providing that venture capital. There are other sources, and if it's truly a commercially viable product, those other sources are in a much better place to make that decision about whether it merits venture capital or not.

DR. NICOL: To Mr. Sapers again: does he consider venture capital the process of a kind of proof of commercialization or possibility? Because a lot of times when you do a research project, especially in the medical area, some things are satisfactory in a laboratory sense, but you need to go through another stage to prove commercialization on it. Is this part of venture capital, or is this part of research?

MR. SAPERS: No. I see a clear distinction. The distinction is really, number one, what you are funding from the get-go. So if you're funding research with the potential of developing a commercial potential, that's one thing. If, on the other hand, what you're doing is taking an idea and saying that what we want is to try to determine its marketability and then you need to attract venture capital, I see that as something different. The distinction I'm trying to draw is between research funding and capital funding. I understand the point that you're making, and sometimes, I'll acknowledge, it would be very subjective. But I think what we have to do is send a very clear message to the foundation that we want them to spend these dollars on research. The onus is really on the foundation to establish that it's research funding and perhaps leading to commercialization as opposed to venture capital funding.

10:10

MR. CHAIRMAN: With those clarifications do you wish to speak against the motion? Okay. Any member wishing to speak against the recommendation?

Howard, do you wish to close debate? Okay.

All right. Number 3, Howard Sapers.

3. Moved by Mr. Sapers:

Be it resolved that the Alberta Heritage Foundation for Medical Research establish as a priority funding research into evidence-based medicine, health treatment outcomes, and barriers to accessing health services.

MR. SAPERS: There is much discussion about outcome-driven health care programs and policies, yet there has been very little research that backs up or that helps define what evidence-based or outcome-driven health care is. During our discussion and our meetings with the Heritage Foundation for Medical Research we talked a little bit about the absence of an overall policy direction when it comes to guiding the kinds of decisions that are made, which projects are funded and which projects aren't funded for example. It would be tremendously beneficial if the Alberta Foundation for Medical Research spent some of their dollars and in fact established as a priority spending some of their research dollars to help fund policy-oriented research as opposed to strictly commercial-oriented research.

Probably the area of greatest need in health care right now is policy research into evidence-based medicine, health treatment outcomes, and barriers to accessibility. Certainly we're seeing all kinds of debate right now about accessibility, and as we restructure health care not just in this province but across the country, in fact around the world, there is tremendous debate around appropriate outcome measures for health care interventions. The Alberta Foundation for Medical Research has been a leader in other areas of research, and it is at least my belief that they could be a leader in this policy area as well.

MR. CHAIRMAN: Heather Forsyth.

MRS. FORSYTH: Thank you, Mr. Chairman. Actually the hon. member clarified what I wanted to ask, so I appreciate that.

MR. CHAIRMAN: Victor Doerksen.

MR. DOERKSEN: Thank you, Mr. Chairman. A question to Mr. Sapers: are you suggesting, if I understand your comments correctly, that you want them to move into policy decision-making rather than research?

MR. SAPERS: Absolutely not. That would be totally inappropriate. But policymakers do need information on which to base their policy decisions, and there are some areas where there is a dearth of information on health care right now. One of them is on outcome measures and performance measures for health care services. There is tremendous controversy right now about the value of certain standard accepted medical practices like the routine annual checkup for example. So what we would like to have is some research around the outcome measures or whether or not a routine medical is necessary because of the evidence that it increases the health of a population. Then what components would you have in a routine medical for example? Should those components vary depending on gender or depending on age? Those are the kinds of things I'm talking about. We need research

to establish those kinds of baselines so that policymakers can then make decisions about what's funded and what isn't for example. But it would be totally inappropriate for the heritage medical foundation to be cast in the role of policymakers. That's the role of this Legislature.

MR. CHAIRMAN: With that clarification do you wish to speak against the recommendation?

MR. DOERKSEN: Mr. Chairman, I don't disagree that maybe some of that information or research can be done. I don't think it's the role of the medical foundation to take that on. I don't think that's an appropriate role. I don't think that's why it was set up.

MR. CHAIRMAN: Okay. I think I heard a con against the recommendation.

Ken Nicol is next on my list. Are you speaking for or against?

DR. NICOL: Well, if there's a for there, I'll let him go before me.

MR. CHAIRMAN: Okay. Lance White.

MR. WHITE: It's my understanding that in medical research the world over the funds go to the periphery or the extremity of the knowledge area, when in fact the bulk of the world's and this neck of the world's difficulties are common ailments. They're not the flesh-eating diseases and all of those things that are way out there, which are very, very, for lack of a better term, sexy for the researchers in the areas way out there. In fact, it's the core group that has to be dealt with. This in fact does. The wording perhaps could be modified somewhat, but I honestly believe that fundamental research in the area of general practice, they used to call it – they now call it family practice – is much more needed now than ever before.

I'll support this motion.

MR. CHAIRMAN: Okay. Ken Nicol.

DR. NICOL: Thank you, Mr. Chairman. I guess my concern with this motion is that if we ask a group which has a mandate to do hard research into medical practice to deal with providing supporting data for policy-making, we're going to have to develop a whole linkage there that conveys policy need support back to the heritage fund research grant evaluators. I think it would be much better if within the operating grants of the Minister of Health there was a section that did this kind of research and data support, because that's where it's needed. They can remain up to date and consistent in terms of the kind of information that's necessary, given the direction that policy is going at the time. So I would have trouble supporting this.

MR. CHAIRMAN: Any other speaker wishing to speak in support?

Okay. Would you like to close debate?

MR. SAPERS: Yes. Thank you, Mr. Chairman. A couple of issues. Number one, there are some very compelling arguments why you'd want to keep this kind of research out of the Department of Health. Number one, you want to guarantee a certain amount of independence. The Minister of Health of course directs what goes on in her department, and in fact we've seen examples of where there's been some controversy when the department

issues an opinion, as they did on the private Bill for the Gimbel foundation, that somehow is out of sync with the government's opinion. So I think there are some very compelling reasons why you would want to keep this kind of policy-oriented research out of the Department of Health.

Another reason would be that the general revenue fund, as we know, is under seige, and this kind of policy research, as I've indicated, is an absolute necessity. There is a lack of this kind of evidence-based research in Canada and in this province. It has to happen, and it seems that you wouldn't want to depend on the tax base paying for this kind of research because of all the competing priorities that the general revenue fund is faced dealing with.

The Alberta Heritage Foundation for Medical Research is absolutely tailor-made to do this kind of research, and the linkages already exist. Not only do you have that foundation reporting to this committee, but you also of course have a group of experts who adjudicate all of their requests for research dollars. Then of course you have the executive committee, which oversees the overall funding of all the heritage foundation. So those linkages already exist, and in a way that still would provide some arm's-length space between the kind of policy research that was funded and the initiatives of government.

10:20

MR. CHAIRMAN: Thank you.

Now, number 4. Howard Sapers.

4. Moved by Mr. Sapers:

Be it resolved that the Alberta Heritage Foundation for Medical Research immediately conduct research which will lead to the establishment of policy which guarantees access to health services.

MR. SAPERS: The fourth motion is really a narrower version of the third motion, Mr. Chairman. I won't take the time of the committee by speaking directly to this motion other than to say that it is there to highlight, if the third motion is seen to be too broad in its ambit, that the most significant type of research that the heritage foundation should be funding from a policy standpoint is that which deals with access.

MR. CHAIRMAN: Okay.

Any member wishing to speak in opposition to this recommendation? Heather Forsyth.

MRS. FORSYTH: Mr. Chairman, I think what the hon. member is recommending is very similar to 3. I really don't feel that it's the Heritage Foundation for Medical Research's job to do this. I think their priority is to find cures or look at other ways – I don't even know – within the health profession and not to establish policy. I think that would probably fall under the Minister of Health.

MR. CHAIRMAN: Okay. Is there any other member wishing to speak in favour of this motion? [interjection] Sorry, Victor.

Would you like to close debate, Howard?

MR. DOERKSEN: Sure, I'll close debate.

MR. CHAIRMAN: No. It doesn't work that way.

MR. SAPERS: No, Mr. Chairman. I'll let my comments stand. Thank you.

MR. CHAIRMAN: Maybe we have a point of clarification. Ken Nicol.

DR. NICOL: A point of clarification. Do you mean to say that if two people want to speak against it and there's nobody to speak for it in the middle, the second person can't speak against it?

MR. CHAIRMAN: Right. This goes back and forth till the speakers fall off.

DR. NICOL: Interesting.

MR. CHAIRMAN: Well, it's a preservation of time.
Now, where were we? [interjection] You were closing, yes.

MR. SAPERS: We were moving along to recommendation 5, I believe, Mr. Chairman.

MR. CHAIRMAN: Okay. All right. Recommendation 5, Mr. Sapers.

5. Moved by Mr. Sapers:

Be it resolved the Alberta Heritage Savings Trust Fund Act Committee encourage the Minister of Health to investigate the efficacy of chelation therapy as a treatment for atherosclerosis through the use of funding available for medical research from the heritage savings trust fund by, amongst other initiatives, assessing and evaluating existing research in this area.

MR. SAPERS: Thank you, Mr. Chairman. This of course is a recasting of a motion approved by this committee last year. Since that time there has been no such research supported by the Alberta heritage savings trust fund or the foundation for medical research into chelation. The arguments are just as compelling, and the issues are just as real in the minds of Albertans. What this motion calls for is that heritage savings trust fund dollars be allocated to the investigation of the efficacy of chelation therapy.

Mr. Chairman, I believe this motion received unanimous support last year, and I would hope it would receive the same support, sending a consistent message to the foundation that in the minds of at least this committee this kind of research is necessary.

MR. CHAIRMAN: Before looking at other speakers, I feel compelled, though, to bring clarification. We have had the Minister of Health in front of us, and also we've had the medical research people in front of us. I believe their testimony had indicated, at least clearly from the position of the Chair, that they did not initiate research projects but that they responded to applications for funding for research. So I would just point that out for the benefit of the committee.

Now, are you responding to my clarification, or are you wanting to get back into the debate, Howard?

MR. SAPERS: No. I wanted to make just a comment on your comment, if you'll permit that. I've been informed that at least two proposals have been sent forward to the Alberta Heritage Foundation for Medical Research, both proposals outlining a research plan to do a trial on chelation in this province. Neither of those proposals has met the funding criteria, and I am in correspondence with the Minister of Health and the College of Physicians and Surgeons to help clarify what the research criteria would be that would be acceptable for funding.

MR. CHAIRMAN: Thank you for that further clarification.
Now, to speak against the recommendation, Denis Herard.

MR. HERARD: Thank you, Mr. Chairman. I think that it's not really the function of this committee to encourage a minister to do anything, because the decisions that are made with respect to the heritage savings trust fund are in fact made with respect to Executive Council. So I don't think a minister really has that much say.

The second point is that while I may not disagree with the notion that this particular therapy perhaps should be investigated, I think that the hon. member – that's Mr. Sapers – making this has encouraged the minister on many occasions with respect to this through the media and through speaking in the House. This is really one further attempt to encourage the minister – I don't really think it's something that can be done out of this committee – to get involved in specific decisions that a medical research foundation ought to get involved in. You know, if Mr. Sapers wants to encourage the minister, then he can, but I don't think this is the vehicle to do that.

Thank you.

MR. CHAIRMAN: Okay. Mike Percy to speak in favour of the recommendation.

DR. PERCY: Yes. I speak in favour of the recommendation because I do think a consistent set of signals ought to be sent to the government that this is a treatment that ought to be assessed. It's clear, if you've gone to any meetings of the various chelation groups, that they feel very strongly that it has had a therapeutic effect, yet it still is not funded in the province. This is asking that when such proposals come forward and they meet the criteria, they ought to be at least given a favourable review.

The second point is that at some point this committee ought to be able to send signals, whether it's to the Executive Council as in the next motion, in 6, or to any body that receives funds from the heritage savings trust fund, that perhaps some of the benefits ought to stay within Alberta to deal with problems that are very specific to Albertans. As the province moves to restructure health care, certainly it ought to be looking at ways that health care expenditures can be reduced. It's clear that if there is any efficacy to chelation therapy, it would have a significant positive effect on expenditures in the health care system. Similarly, that's why I think motion after motion has been brought forward with regards to MS, with regards to asthma, which are very specific to the province.

So I think it's worthy of consideration by the committee that a consistent set of signals should be sent through time through every available vehicle that members of the Legislature have.

MR. CHAIRMAN: Now, Lance, do you wish to speak against the motion?

MR. WHITE: No. It's okay.

MR. CHAIRMAN: Any member wishing to speak against the recommendation?

Okay. Do you wish to close debate, sir?

MR. SAPERS: No, Mr. Chairman.

MR. CHAIRMAN: Okay. Thank you.
Denis Herard, number 6.

6. Moved by Mr. Herard:

Be it resolved that Executive Council consider the re-establishment of the water management system improvement program with appropriate funding to complete urgent irrigation rehabilitation projects that were not funded by the previous capital projects division program.

MR. HERARD: Thank you, Mr. Chairman. Since having made this particular recommendation for a motion, I've looked at this and wish to amend it to make it more specific and to make it clearer, because as committee members will know, there is a water management system improvement program that terminates in this fiscal year, and there are three major projects that did not get funded under that program. In other words, heritage savings trust fund earnings paid for all of the rest of them, but three of them didn't make it with respect to the termination of the program. So what I want to do is modify or amend the motion to specifically refer to those three projects and to specifically refer to an up set number in terms of dollars.

MR. CHAIRMAN: Do you have copies of that in sufficient numbers that we can circulate that to the members?

MR. HERARD: No, I don't, but it's not an onerous task to modify.

10:30

MR. CHAIRMAN: Well, remember now, we're MLAs and thus generally helpless. Let's go ahead.

MR. HERARD: That's why I don't have sufficient copies to circulate.

DR. NICOL: I'll take exception to that comment by the chairman.

MR. WHITE: I'll take exception on the record too.

MR. CHAIRMAN: *Hansard* should note that we have exceptions to what the chairman has just said, coming from Ken Nicol and Lance White.

MR. HERARD: I'm in your hands, Mr. Chairman. If you want to have copies distributed prior to discussing this particular motion, then I will attempt to have that done. But I would like that particular number 6 motion to come up again before the end so I can get that done.

MR. CHAIRMAN: Well, why don't we try it on for size? The chair's been chastised for his facetious but he thought humorous remark. Why don't you give us verbally the amendment you're making? Then we'll determine whether or not we need to get copies and come back to it.

MR. HERARD: Okay. Thank you, Mr. Chairman. At the word "appropriate" – in other words, when you get to "with appropriate funding" – I want to change that to "with up to \$150 million."

MR. CHAIRMAN: No. I think what we'd better do is make arrangements to have copies made, and we'll come back to number 6.

MR. HERARD: Thank you, Mr. Chairman. I will do that.

DR. NICOL: No discussion on this?

MR. CHAIRMAN: Well, we'll get copies in front of each member, and then we'll debate it. Fair enough? Okay. Diane, can we ask you to do that.

Okay, number 7. Denis Herard.

7. Moved by Mr. Herard:

Be it resolved that all salaries and benefits funded by the Alberta heritage savings trust fund adhere to the same fiscal restraint policies that apply to all government departments.

MR. HERARD: Thank you, Mr. Chairman. This attempts to deal with situations that were brought to light with respect to people giving evidence here before us. Essentially, I think we probably don't have a lot of organizations that are funded by the heritage savings trust fund that do not comply with the restraint policies that everyone else must comply with, but it was very clear to me that there was at least one organization before us who felt that they were above this policy. I just feel very strongly that when dollars come from the Alberta heritage savings trust fund and/or from taxation, restraints that apply to everyone else should apply to them as well.

MR. CHAIRMAN: Okay. Any member wishing to speak in opposition to that recommendation? Would you like to close debate?

MR. HERARD: That's fine, Mr. Chairman.

DR. MASSEY: Could I speak in favour of it?

MR. CHAIRMAN: Well, do you wish to concede your closing of debate to Don Massey?

MR. HERARD: Sure.

MR. CHAIRMAN: Okay. To close debate.

DR. MASSEY: I think it's a good motion, and I think in conjunction with our number 15, looking at the administrative parts of the fund, it just makes good sense in light of what's happening in other departments. So I see 15 and 7 as being consistent.

MR. CHAIRMAN: Okay. Thank you.

Now, number 8. Bonnie Laing.

8. Moved by Mrs. Laing:

Be it resolved that the Standing Committee on the Alberta Heritage Savings Trust Fund Act be discontinued and that the review of these accounts be part of the Standing Committee on Public Accounts mandate and that the Alberta heritage savings trust fund portion be given a designated time allotment at the time the appropriate minister appears before the Standing Committee on Public Accounts.

MRS. LAING: Thank you, Mr. Chairman. By making the Alberta heritage savings trust fund review part of the Standing Committee on Public Accounts mandate, I think this would be cost effective. We would not have to have hearings outside of sitting time as we do now, MLAs would not have to travel to Edmonton as we do now, and for the most part the scope of the material could easily be covered. I've asked that there be a designated time allotment when the appropriate minister appears so that they would

absolutely have to give that time consideration to the Alberta heritage savings trust fund review.

Thank you.

MR. CHAIRMAN: Okay.

Wishing to speak against the recommendation? Howard Sapers.

MR. SAPERS: Thank you, Mr. Chairman. I'm not in favour of this motion at all for a number of reasons. Number one, the public accounts process in this province is just rife with concerns. There's been much discussion and controversy around just how open and accountable that public accounts process is, and in fact there is ongoing discussion in terms of changing that process. It would be inappropriate, I think, to give that committee yet another responsibility while it's in the midst of its own sort of agony.

MS HALEY: The agony is having to go.

MR. SAPERS: I hope *Hansard* has that on record.

The second major point is that we know that the Alberta heritage savings trust fund holds a special place in the hearts and the minds of Albertans, and certainly the Premier has acknowledged that and has appointed yourself to head up a committee to look at the future of the fund. The government is spending a fair bit of time and dollars and I'd say public relations capital as well in terms of dealing with the Alberta heritage savings trust fund and its future.

The third reason why I would not support this motion is because of the quality of debate and discussion, the information that's exchanged during this committee process, and even, Mr. Chairman, I'd offer, the fact that we are faced with some 29 recommendations coming out of our review all speak to the need for this kind of a stand-alone review to have the authority of the Legislature.

So I would not be supportive of this motion at all.

MR. CHAIRMAN: Now, wishing to speak in favour of the recommendation? Ken Nicol.

DR. NICOL: I spoke with the chairman of Public Accounts, and the chairman is very much in favour of this kind of consolidation of review of expenditures. So I think it would be worth while supporting this motion.

MR. CHAIRMAN: Anybody wishing to speak against the recommendation? Lance White.

MR. WHITE: Just briefly. I, too, spoke to the chairman, and her words were more to the effect that, yes, the expanse of her committee could be expanded if in fact the rules were changed so that she could actually do a proper review, which is not the case at the present. That's one point.

The second point is that it may in fact be premature with your travels, sir, and the others that are on the committee may have some recommendations from that committee that'll pre-empt this particular one, because it speaks to the global management and reporting structure of the standing committee.

I should also point out that the Alberta Heritage Savings Trust Fund Act cannot be discontinued. It can be ignored, it can be done a lot of things, but it in fact has to be repealed.

Thank you.

MR. DOERKSEN: Mr. Chairman, without predicting the outcome of the review committee and what recommendations might come forth from that, I think this is just a tremendous motion. To

consolidate some work into the Public Accounts Committee to make the Legislative Assembly and the activities around us more efficient makes perfect sense to me.

MR. CHAIRMAN: Anybody wishing to speak against the motion? Okay.

Bonnie, do you want to close debate?

MRS. LAING: Well, I would just ask people to really consider it, because I think it could be worked out very easily. I didn't ask for the Act to be discontinued, just the committee. The committee would be enfolded within Public Accounts, so it's still there too. Thank you.

MR. CHAIRMAN: Okay. Thank you. Maybe it's the quirkiness of the chair, but I always enjoy those sorts of recommendations that go to the elimination of my tasks.

Okay. Recommendation 9.

9. Moved by Dr. Percy on behalf of Mr. Dalla-Longa:

Be it resolved that the Standing Committee on the Alberta Heritage Savings Trust Fund Act be designated to enter into negotiations with Vencap Equities Alberta Ltd. relative to concluding an agreement respecting early repayment of the heritage savings trust fund loan.

DR. PERCY: The motion is with regards to Vencap and the early repayment of the heritage savings trust fund loan to Vencap. Notwithstanding the absence of Vencap appearing before this committee, I still think it makes good economic sense for the province to enter into an early repayment of the loan to free up Vencap to pursue its mandate, which is to try and ensure the maximum stream of benefits to Albertans. In light of subsequent recommendations that follow this, I think there are the safeguards in place that make this a sensible thing to do. Again, notwithstanding what Albertans may tell the review panel, I think this is one particular loan that ought to be assessed on its merits and dealt with on an ongoing basis as that review process is under way.

10:40

MR. CHAIRMAN: All right. Thank you.

Anybody wishing to speak against this recommendation? Okay. Thank you. Debate closed.

All right; number 10. Lance White.

10. Moved by Mr. White on behalf of Mr. Dalla-Longa:

Be it resolved that the negotiations relative to the repayment of the loan ensure to the fullest extent possible that the original mandate of Vencap in diversifying the Alberta economy be respected and maintained.

MR. WHITE: This motion is fairly self-evident. It relates to the negotiations relative to the repayment to be made and to the fullest extent possible the original mandate of Vencap be realized so that the direction could be saved. Now, that's subject, of course, to some debate. This presumes that Vencap stays under the wing of this committee. Should it not, then of course this motion would become null and void.

Speaking strongly in favour of it, I was here, as we all were, in Alberta at the inception of this heritage savings trust fund, and this was primarily the purpose of it. It seems to me that it's gone into private venture capital business with little regard for the diversification of the Alberta economy, particularly with some of the recent investments.

MR. CHAIRMAN: Thank you.

Anybody wishing to speak against the recommendation? Seeing none, Lance, do you want to close debate?

MR. WHITE: No, thank you, sir.

MR. CHAIRMAN: Okay.

All right; number 11. Lance White.

11. Moved by Mr. White on behalf of Mr. Dalla-Longa:

Be it resolved that the negotiations relative to repayment of the loan require that Vencap retain its head office in Alberta.

MR. WHITE: Just very briefly. It's self-evident that Vencap retain its head office in Alberta even when the umbilical cord or the ties of the loan are in fact severed. That's of course subject to negotiations around that same thing.

MR. CHAIRMAN: Anybody wishing to speak against this motion?

Lance, do you wish to close debate?

MR. WHITE: No, thank you, sir.

MR. CHAIRMAN: Number 12. Lance White.

12. Moved by Mr. White:

Be it resolved that the Standing Committee on the Alberta Heritage Savings Trust Fund Act be consulted on any decision undertaken by the investment committee to dispose of assets contained within the Alberta investment division.

MR. WHITE: This speaks to the consultation in the major direction of investments, not the day-to-day disposal of assets. Certainly we had a great deal of reporting after the fact on disposal of some major assets without any consultation at all or any review by the public policymakers, which is this committee through to the Legislature. This just simply speaks to the disposal of assets. It perhaps should speak to and should have been "major assets" or "substantive assets," but the effect is still the same, sir.

MR. CHAIRMAN: Okay.

Now, I saw Carol Haley first.

MS HALEY: This may be more in the form of a question. My concern with this would be that if you were to announce beforehand that you were selling your shares in Alberta Energy Company, what kind of havoc does that reap on the market? If you take something like that, that it has to come back to this committee before a decision can be made, I'm just concerned about what would happen in the marketplace.

MR. WHITE: In speaking to that particular decision, in fact the decision was made and it was announced well before the shares went on the market. It did not affect the market sale on that particular item. All we're looking for here is a discussion. Certainly if it's relevant to discuss the acquisition of these assets to diversify the economy or assist the economy in one particular area, then it follows, too, to make a policy decision on the disposal of those assets, and it would follow through there.

MR. CHAIRMAN: With that clarification, do you wish to speak against the recommendation, Carol?

MS HALEY: No. I'll just vote against it.

MR. CHAIRMAN: Okay. Bonnie Laing, do you wish to speak against the recommendation?

MRS. LAING: Yes, Mr. Chairman. Thank you. One of the concerns I have is that at present, looking at the format that we're under now, we meet at a certain specified time. The marketplace is very volatile, very quick moving. There may be a time when there's an offer that's just excellent, just perfect, and if we have to wait to call the committee together to make a decision, I think that really ties their hands.

Also, there's the concern of confidentiality when you're negotiating. It's very important that you maintain some confidentiality with your negotiations, and I think it would be very, very awkward and very harmful for getting the best possible advantage as we look to dispose of these assets. So I would really vote against this.

MR. CHAIRMAN: Okay. Mike, to speak in favour of the recommendation.

DR. PERCY: Yes. I think the points made by Mrs. Laing clearly illustrate the problems of having the government involved in the first place. I mean, to the extent that you have the government in an ownership position via the heritage savings trust fund owning shares or actively involved in particular investments such as with Syncrude, there is a price associated with using taxpayer dollars. The private sector cannot have it both ways in the sense of having access to these funds, as in the case of Syncrude to kick start it, but at the same time expecting that there are no strings tied to those funds.

One of the strings that is tied is legislative review. If in fact there is a perception that in a sense the private sector can have its cake and eat it too, have access to these funds without legislative review, then I think there's a very serious problem. I mean, the issues that have been raised about confidentiality, about timing I think can be addressed. The bottom line is that there is no free lunch. Time after time ministers have said, "Well, that's a commercial agreement; that's private," but it's taxpayer dollars that are at risk. I mean, the province is acting as trustee for Albertans with regards to the use of those funds. So I think there is a quid pro quo: you feed at the trough; there is a price tag at some point. It's not an onerous price tag to have legislative review. So I speak in favour of the motion.

MR. CHAIRMAN: Any other member wishing to speak against the recommendation? Okay.

Lance, do you wish to close?

MR. WHITE: No, thank you, sir.

MR. CHAIRMAN: Okay. I think we'll go to number 13 then. Lance White.

13. Moved by Mr. White:

Be it resolved that subsequent annual reports of the Alberta heritage savings trust fund seriously consider greater use of pictorial displays such as bar graphs, line graphs, and tables to present long-term performance trends of the fund in order to communicate this information more effectively to Albertans.

MR. WHITE: This is simply a recommendation. It's not a stern recommendation at all. It is almost a suggestion for ease of reading for the average soul out there to be able to understand the performance and measuring against other performance measurement standards. It's simply doing it in a much easier way than it is presented in the annual report now. That's all.

MR. CHAIRMAN: Okay. To speak against, Heather Forsyth.

MRS. FORSYTH: Mr. Chairman, I appreciate what the hon. member is trying to accomplish, but I really have a problem telling somebody else, you know, that you must provide graphs, line graphs, or tables. I mean, I think that's up to the individual companies. In my previous life in marketing we always sort of followed the KISS philosophy. I just disagree with trying to make something – let the people who are doing this decide how they want to do it.

MR. CHAIRMAN: Anyone wishing to speak for the recommendation? Mike Percy.

DR. PERCY: The heritage savings trust fund annual reports are put out by Treasury. This is a request just to make it in fact more user friendly in terms of visuals. A lot of the information that is contained in there is easily understood by accountants and other financial market managers. There are a variety of visuals that just enhance what the fund does and what its returns are, and I think that is the content of the motion. Since it is a government department that prepares this, it's clearly just to signal to them, from some of the feedback that we've had, that people find the annual report just doesn't convey the information in the most punchy fashion.

10:50

MR. CHAIRMAN: Thank you.

Any others opposed? Okay.

Do you wish to close debate, Lance?

MR. WHITE: Just to close ever so briefly. Parts of the department and certainly the minister agreed that there were easier ways to take in the information for the average soul, and the recommendation is there just to remind them. In fact, we did it last year also in reminding them and asking them about whether it could be done, and nothing occurred. The report still came out in a straight table form without these graphic representations.

Thank you, sir.

MR. CHAIRMAN: Thank you.

Now I would like us to revert, then, back to number 6 so that we don't lose track of it. Perhaps, Denis, you could read the full recommendation now into *Hansard* to make sure that we have it.

MR. HERARD: Thank you, Mr. Chairman.

Be it resolved that Executive Council consider the re-establishment of the water management system improvement program with funding up to \$150 million to complete urgent irrigation rehabilitation projects – namely, the St. Mary's dam spillway replacement, the Carseland-Bow River headworks rehabilitation, and the Western irrigation district's secondary A canal rehabilitation – that were not funded by the previous capital projects division program.

MR. CHAIRMAN: Now, do you wish to speak to your recommendation?

MR. HERARD: Well, Mr. Chairman, the reason for wanting to amend this particular resolution is to ensure that the three – those of you might remember the presentation we got from the minister and his staff, and there were three projects in red that were urgent and of course because of the termination of this particular program did not get funding from the heritage savings trust fund. So I just wanted to make sure that the cost estimates that were provided with respect to those as well as the actual project names themselves were in the resolution. I'm not suggesting that we create a new water management system improvement program. I think we just want to finish the one that was operating over the last 15 years, because it ran out of time and money prior to these three major projects being funded.

MR. CHAIRMAN: Before we move to another speaker, I'm particularly sensitive about jargon or the slang use of the term "in the red." Would you explain that so readers of *Hansard* will be aware of what your phrase meant?

MR. HERARD: Well, thank you very much, Mr. Chairman. A very astute observation. There were a number of green projects here which indicated the completed projects, and there were projects that were coloured in red that were projects that did not get funding under the previous program. So thank you for that clarification.

MR. CHAIRMAN: Well, thank you for that clarification.
Michael Percy.

DR. PERCY: Yes. Not that I'm speaking against the rehabilitation of these projects – I think once these irrigation projects are in place, it makes sense to ensure that they continue to be maintained and that wear and tear and depreciation are offset – but I guess the issue that I would raise with Mr. Herard concerns why the heritage savings trust fund. I mean, in terms of prioritization of various projects, why ought these not to be funded through the general revenue fund, capital projects, so that one can see how expenditures on these particular projects stack up against other projects that are capital projects undertaken by the province, so you have them all in one basket so that you can prioritize? One of the concerns I've always had with the heritage savings trust fund and the capital projects division is that there was this group of projects that were clearly assessed on different criteria than the group under the GRF. So the issue from my perspective isn't the merits of the rehabilitation; it's the question of whether or not it ought to be done through the heritage savings trust fund.

MR. CHAIRMAN: Okay. Anybody wishing to speak in favour of the recommendation?

DR. NICOL: I have a couple of questions to ask, if I might, to clarify this a little more. Has Mr. Herard looked at or discussed this kind of funding proposal with either the Alberta Irrigation Projects Association or the government officials responsible? It's my understanding that as these programs were phased out, both the capital projects and the rehabilitation project for irrigation, long negotiations went on with the irrigation districts and the ministers to complete these projects and to maintain the rehabilitation, which is outside this motion, out of general revenue. Could Mr. Herard comment on that or clarify it for me?

MR. HERARD: Well, I would not be aware of any discussions that the minister or his department may or may not have had with these irrigation districts. I rely upon the response that the minister

made in this Assembly when asked the specific question about in fact making this kind of a recommendation and resolution, and of course his response was yes.

Perhaps to further clarify, because I think it also works in with what Dr. Percy was saying, 15 years ago a decision was made to spend heritage savings trust fund dollars to rehabilitate all of these programs that we saw on that map. Heritage savings trust fund dollars, I think from my perspective, are different than dollars that would come out of a taxpayer's pocket in terms of the fact that if these three particular projects that did not make it with respect to funding because the program is terminating – and in my estimation it's terminating early and is terminating \$150 million short of accomplishing its goals. In other words, once all of this stuff has been funded by the heritage savings trust fund earnings rather than tax dollars, once it's all rehabilitated, then I would agree with Dr. Percy that anything further down the road become part of the general revenue fund. But until that program is completed and all the major projects are done, then I don't agree.

Thank you.

MR. CHAIRMAN: Well, I believe that the member just finessed me from a clarification into some further debate. With that clarification, is there any member wishing to speak for the recommendation?

Do you wish to close debate?

MR. HERARD: Thank you, Mr. Chairman. I think the debate on both sides will stand for itself.

MR. CHAIRMAN: Okay. Back to the sheet we're working from.

14. Moved by Dr. Percy:

Be it resolved that the Alberta heritage savings trust fund investment committee give consideration to seeking greater input from private-sector investment managers located in Alberta with the objective of achieving a more favourable return on investments commensurate with an assessment of the risk involved.

DR. PERCY: This motion simply requests that the managers of the heritage savings trust fund rely to a greater extent upon the financial community within Alberta to undertake investments, to assess investments, so that we can broaden the depth of expertise here and use some of the funds at our disposal to enhance the competitiveness of our financial services community. I mean, it's pretty clear that we have a very strong venture capital market here with a number of venture capital firms. We have a number of major money managers located in the province. This is just a plea that has gone on year after year, and I think is supported by both sides of the House, just to provide a little more incentive for the use of that expertise that is here rather than relying to a greater extent on government managers within Treasury.

MR. CHAIRMAN: To speak against the recommendation, Denis Herard.

MR. HERARD: I'm not speaking against, but I'm asking for some clarification.

When I read "seeking greater input from private-sector investment managers located in Alberta," does that mean Dr. Percy has evidence that we're not using advice located in Alberta, that perhaps we're going to, God forbid, Ontario for the advice? Is that what you're getting at? Also, with the objective of achieving a more favourable return on investment, is there evidence that

doing that would in fact change the return on investments? I just want some clarification.

11:00

DR. PERCY: Two points. I believe that the \$50,000 that was spent on valuing the heritage savings trust fund, the market measure as opposed to the value to taxpayers, was in fact undertaken in Toronto, so there's some a priori evidence that that is the case. The second is just that I believe, you know, competition is a good thing, and I would actually prefer to see components of the fund managed on a basis by the private sector so we have a better benchmark. Again, a set of proposals were brought up last year. So the issue of advice – I think you highlighted some of the things poorly phrased in that regard. I'm dealing much more with management of the fund's assets, and I'd like to see a large proportion, if it should remain intact, undertaken with private-sector management that would be Alberta based.

MR. CHAIRMAN: Okay. With that clarification, any member wishing to speak against the recommendation?

Okay. Mike, would you like to close debate?

DR. PERCY: No. I think the debate speaks for itself.

MR. CHAIRMAN: Thank you.

Now, number 15, Dr. Massey.

15. Moved by Dr. Massey:

Be it resolved that subsequent annual reports of the Alberta heritage savings trust fund provide a more detailed schedule of the annual administrative expenses incurred by the fund with a breakdown of salaries and benefits, communications, consulting fees, investment management fees, and any other payment categories connected to the administration expenses incurred by the fund.

DR. MASSEY: Thank you, Mr. Chairman. I think it's very evident what the motion wants. It follows and would make possible number 7, should it be passed by the committee.

MR. CHAIRMAN: Okay. Anyone wishing to speak against the motion?

Do you wish to close debate? Okay. Thank you.

Number 16, Dr. Massey.

16. Moved by Dr. Massey:

Be it resolved that subsequent annual reports of the Alberta heritage savings trust fund contain an economic outlook statement which provides readers with projections for key economic variables which impact upon fund performance.

DR. MASSEY: We get this information from the Treasurer and other officials who appear before the subcommittee, and this would just give all of us that context from which we could view the annual report.

MR. CHAIRMAN: Okay. Anyone wishing to speak against the recommendation?

Don, do you wish to close? Okay.

Number 17, Dr. Percy.

17. Moved by Dr. Percy:

Be it resolved that the investment committee be required to prepare an investment manual which sets out definitive

policies and procedures for investments or classes of investments within the fund and establishes performance objectives for investment and classes of investments in relation to comparable private-sector investment benchmarks, indices, or standards.

DR. PERCY: This motion is in a sense a complement to motion 16 of Dr. Massey's in that it just basically asks for a clearer setting out of the criteria used by the management committee in terms of choosing investments. Most brokerage houses, most investment managers do have manuals that sort of set out the criteria which they use to assess investments, what they're going to undertake, the mix that they like, and it's a one-shot effort. I think clearly they would have such a manual or at the very least an oral tradition as to what they do and how they do it. It would be very useful from the perspective of the committee to see the basis for the money managers' decision-making, because again we look at both the projects funded by the committee and overall the performance of the fund. It would be nice to see explicitly the criteria set out, and as I say, that ties in with motion 16.

MR. CHAIRMAN: Any member wishing to speak against this recommendation? Bonnie Laing.

MRS. LAING: Given that everyone is to do a business plan, would this not be contained within their business plan? And if we had access to that . . .

DR. PERCY: Yeah. That's a very good point. You would think that the business plan would set out both the objectives and the benchmarks they would want to achieve for each of the divisions and how they're going to go about doing it and the trade-offs they envisage between risk and rate of return, so it would be part of a business plan as well.

MR. CHAIRMAN: With that clarification, Bonnie, did you wish to speak against the recommendation?

MRS. LAING: No. That's fine. Thank you.

MR. CHAIRMAN: Ken Nicol.

DR. NICOL: Could I have a question?

MR. CHAIRMAN: Yes.

DR. NICOL: I'd just like to ask Dr. Percy if that kind of information, though, has been consistent with the kind of business plans we've seen so far.

DR. PERCY: Well, that's a good point in that certainly many of the business plans have told how much they're going to cut but not the results of what they're going to achieve for the funds actually expended. So I had in mind sort of a generic business plan as envisaged in the private sector as opposed to some of the business plans we have seen. Notwithstanding that, there have been some good business plans by some departments, but it's been a bit of high variance.

MR. SAPERS: High variance? Could you define high variance and perhaps give us some examples?

MR. CHAIRMAN: With all this clarification, any member wishing to speak against this recommendation? Denis Herard.

MR. HERARD: I trust that such a manual would set out general policies with respect to that, investment strategies and so on, because when I read the words "definitive policies and procedures," procedures are, you know, everyday things. Now, I haven't had very good experience with investment counselors or dealers or whatever, because it seems like their advice changes daily, depending on what's happening in markets and so on. I can see this being one heck of an onerous task if we were to get into definitive policies and procedures. Certainly I think from the point of view of the investment philosophy, perhaps the mix of risk factors and all of this sort of thing would probably be good, but I'm having some problems when we look at definitive procedures for investment.

MR. CHAIRMAN: Okay. Now, was your wish to get clarification on that, Denis, or were you speaking against it?

MR. HERARD: I was speaking against the motion as it is written.

DR. PERCY: I certainly would accept that as a friendly amendment though, to remove the word "definitive", because the intent really was that there are the philosophical statements set out with each of the divisions of the heritage savings trust fund, and then there is the implementation of those philosophical statements and the criteria used to implement. So definitive, I think, is rightly pointed out as perhaps rhetorical overkill. I would certainly have no hesitation in accepting an amendment to remove the word "definitive."

MR. CHAIRMAN: Well, it's you that has to make the . . .

DR. PERCY: I would so move.

MR. CHAIRMAN: All right. Would you care to read for the record, then, what . . .

DR. PERCY:

Be it resolved that the investment committee be required to prepare an investment manual which sets out and the word "definitive" here is dropped policies and procedures for investments or classes of investments within the fund and establishes performance objectives for investment and classes of investments in relation to comparable private-sector investment benchmarks, indices, or standards. Does that meet . . .

MR. HERARD: You did remove the word "definitive."

MR. CHAIRMAN: Okay. I think where we are here, though, is that we're ready for a speaker for the recommendation. Do you wish to close debate?

DR. PERCY: No. Thank you.

MR. CHAIRMAN: Thank you.
Number 18, Dr. Massey.

18. Moved by Dr. Massey:

Be it resolved that the annual expenditures currently made through the capital projects division of the Alberta heritage savings trust fund be made in future years through the general revenue fund exclusively.

DR. MASSEY: The intent of this is to simply bring under the departments all the projects. So instead of finding them in two

places, in the fund and in departmental budgets, they would all be together. That would allow for a better look at priorities and a better consideration of the merits of various projects.

MR. CHAIRMAN: Okay. Anyone wishing to speak against? Victor Doerksen.

MR. DOERKSEN: Well, just because of the review committee that's been established and is going to the province, I wondered whether this isn't perhaps going out in front of recommendations from the public, who might have some different opinions on that. I think the idea is a good idea, but I would hate to prejudice what we're going to hear in our task force.

MR. CHAIRMAN: Members will recall that at our organizational meeting and through the hearings we've had discussions, of course, because there are two things happening at the same time. One is this committee attempting to review the '93-94 report of the heritage savings trust fund, but also we have a mandate to make recommendations about future investment. Then as you have pointed out, we have a review committee that happens to be made up some of our members that of course is looking at the future of this fund. If it is possible for us to wear our standing committee hats and deal with these things in that relationship, I think that might be the simplest way to go.

I do take that, however, as speaking against the recommendation. Is there anyone who would like to speak for the recommendation?

Okay. Don, you'd like to close debate?

11:10

DR. MASSEY: I think the member makes a good point, but that same caveat could be applied almost to all of the recommendations, and it would render the committee powerless.

MR. CHAIRMAN: Thank you.
Okay. Number 19, Dr. Percy.

19. Moved by Dr. Percy:

Be it resolved that if a decision is made to retain the heritage fund as an income generating or income stabilization fund, a portion of income earned during the fiscal year be retained to offset the impact of inflation on the fund principal and maintain its value over time.

DR. PERCY: This motion is carefully phrased with "if a decision is made to retain the heritage fund as an income generating or income stabilization fund." The point here is that there are a number of projects that are currently being financed by the heritage savings trust fund for which the funds are no longer available because income generated from the fund is going directly to general revenues and part of the capital is being applied to one-shot investments. So this is basically a plea that there are a variety of programs that are being financed whose endowment should be topped up, and the only way they can be topped up is to retain some of the additional income that currently flows into general revenues. But again this is contingent on what the outcome is of the all-party review process.

MR. CHAIRMAN: Okay. Anyone wishing to speak against this recommendation? Bonnie.

MRS. LAING: This would be like a little safety valve so that when inflation went up, you would have this little pot sitting there that would cover it?

DR. PERCY: Yes. It would allow you to maintain, I think, in terms of the Rutherford scholarships and a variety of these types of programs that you wouldn't want . . . [interjection] Yeah. And I think the fiscal need of the province was sufficiently great that it made sense at the time to plow the interest income directly into general revenues. But as we go down the road, I think it would make a little more sense now to try and ensure that the real value of the fund, for some of these endowments at least, is maintained.

MR. CHAIRMAN: With that clarification, does anyone wish to speak against the recommendation?

Do you wish to close debate?

DR. PERCY: No. That's fine, thank you.

MR. CHAIRMAN: All right. Number 20, Dr. Percy.

20. Moved by Dr. Percy:

Be it resolved that available assets within the cash and marketable securities division of the Alberta heritage fund be applied towards the accelerated redemption of high-cost term debt in order to reduce annual debt servicing costs.

DR. PERCY: There is an error in this motion. As the others under my name with regards to the structure of the fund, it should also say, "if a decision is made." I would like to offer as an amendment to 20, "Be it resolved that if a decision is made to liquidate the heritage trust fund, the available assets . . ." This basically says that if such a decision is made, let's ensure that the funds go to high-cost debt first in order to ensure that those assets that are earning low rates of return are applied against the high risk. In particular, the high-risk foreign debt where we have foreign exchange risk, and a lot of it's in the short end of the market as well.

So again there is an amendment that I would propose:

Be it resolved that if a decision is made to liquidate the heritage savings trust fund . . .

It would just set out a part of the criteria, but it's clearly contingent on the review process that will be under way.

MR. CHAIRMAN: Thank you.
Victor Doerksen.

MR. DOERKSEN: Yeah. Could I just ask a question in clarification? What if the high-cost term debt is domestic debt, and perceivably some of the low-cost debt is foreign debt? I've had some representation already that says, "Let's get rid of any debt that's outside of our own jurisdiction so that they don't have control." What would be your . . .

DR. PERCY: I think when you look at the term to maturity, most of the debt that will mature relatively early – a lot of it is denominated in U.S. dollars. There's a tremendous exchange rate risk. So I think in the initial stages – all this is saying is: let's go after that first, because it would be much better to redistribute income to other Canadians as opposed to other Americans or Eurodollar bondholders. I think that for the first couple of billion at least you're safe. But then you're right: you then run into some of the high-cost debt. It's hard to say who really owns some of it because part of it may be held by Albertans indirectly through companies that they own that own assets. So it's very difficult. The only ones you can spot with some certainty are those denominated in U.S. dollars.

MR. CHAIRMAN: With that clarification, does anyone wish to speak against this recommendation?

DR. PERCY: With the amendment?

MR. CHAIRMAN: With the amendment. Okay. Do you wish to close debate, sir?

DR. PERCY: No, I don't.

MR. CHAIRMAN: Okay. Number 21, Dr. Percy.

21. Moved by Dr. Percy:

Be it resolved that if a decision is made to retain the heritage fund as an income generating or income stabilization fund, the Alberta Heritage Savings Trust Fund Act be amended to allow for a targeted threshold of investment in foreign equities through an assessment of risk and the use of international benchmarks designed to produce a higher market rate of return for the fund.

DR. PERCY: This amendment then says that if we do keep the fund, contingent upon the recommendations of the all-party committee, we look at ensuring the highest rate of return possible for the fund, looking at the broad base of assets. In that sense we have sort of the obverse of 20. To the extent that we hold high-cost debt, let's ensure as well, perhaps setting up margins, that we have some high-interest earning assets as well. It would set targets and would be subject to debate. It's just a matter of trying to ensure the portfolio on the asset side is as diversified as our portfolio on the debt side. Indirect hedging.

MR. CHAIRMAN: Any member wishing to speak against? Victor Doerksen.

MR. DOERKSEN: Well, again just a question. Is this not similar, then, to your previous motion, number 14, which really says to look for your higher rate instruments and set up these people to do that?

DR. PERCY: Yes.

MR. DOERKSEN: So you're repeating yourself.

DR. PERCY: Yeah. It's just a little more. It's specifically saying: let's look at, you know, having a broader based portfolio on the asset side. But it's a more specific form of that motion, should the former be rejected.

MR. DOERKSEN: Well, in that respect, Mr. Chairman, a problem I have is that this motion seems to suggest that we should invest in foreign equities, but that's a decision that has to be made at the time you make the assessment. You can't ahead of the game say that it's going to be foreign investments, because they may not be the most attractive investments at that time. That's making an assumption that foreign equities, unless I'm reading this motion wrong, should be the place we put our investments.

DR. PERCY: Yeah.

MR. CHAIRMAN: Okay. That wasn't a request for clarification; that was against the recommendation. Anyone wishing to speak in favour of the recommendation?

You may close debate.

DR. PERCY: In light of the previous comment. The motion is permissive in the sense that it allows for this threshold, but it's not a directive that it require them to do so.

MR. CHAIRMAN: Okay. Thank you. Now 22, Dr. Percy.

22. Moved by Dr. Percy:

Be it resolved that the annual report of the Alberta heritage savings trust fund provide a detailed explanation of the assumptions underlying the determination of the market values prepared by the Treasury Department for provincial Crown corporations: the Alberta Agricultural Development Corporation, the Alberta Mortgage and Housing Corporation, and the Alberta Opportunity Company.

DR. PERCY: This motion really says that in light of the fact that a significant share of the value of the heritage savings trust fund is held in terms of Crown-owned assets, I guess it's a request, then, that we know explicitly the assumption underlying the determination of the market values of these various Crown corporations, since they had played a role in part of the debate of assessing the market value. It really is a request, then, that we get a distinction between the market value of these assets, to the extent that the market value is driven by a flow of subsidies from taxpayers that prop up the value of these shares, and the notion: what is the value to taxpayers themselves once you net out the flow of subsidies? The hon. member from Red Deer and I have discussed this frequently, at least twice. So this is just a request, then, to try and get clarification as to why these things have market value and to highlight the fact that they have market value only in that they draw upon the flow of taxpayer dollars through the general revenue fund.

11:20

MR. CHAIRMAN: Any member wishing to speak against this recommendation?

All right. Do you wish to close debate?

DR. PERCY: I will say – this is my last opportunity to do this because we won't be doing this as we are on the road – that I do think this is a reasonable request, and I put it forward to the committee for its approval.

MR. CHAIRMAN: All right. Number 23, Howard Sapers.

23. Moved by Mr. Sapers:

Be it resolved that the Treasury Department be required to prepare a three-year business plan on the specific goals, objectives, actions, and results to be achieved by the Alberta heritage savings trust fund.

MR. SAPERS: Thank you, Mr. Chairman. We've talked a lot about business plans. We've talked about what should be in them and what often we don't find in them. Interestingly, there is no business plan which speaks to the specific goals and objectives and actions or the results hoped for by activities that the executive committee directs that the Alberta heritage savings trust fund participate in. So this motion is a fairly self-evident one, calling for such a three-year business plan to be constructed. Again this would be consistent with other government departments.

MR. CHAIRMAN: All right. Any member wishing to speak against this motion?

All right. Do you wish to close debate?

MR. SAPERS: No, Mr. Chairman.

MR. CHAIRMAN: I should have observed to the committee, though, that we're moving very rapidly. Does anyone here wish to adjourn so that we can come back at 2 this afternoon?

All right. Number 24. Howard Sapers.

24. Moved by Mr. Sapers:

Be it resolved that the Standing Committee on the Alberta Heritage Savings Trust Fund Act be designated to assess whether investment managers have achieved performance targets and benchmarks identified in the three-year business plan by requiring that investment managers appear before the committee to account for fund performance on an annual basis.

MR. SAPERS: Mr. Chairman, of course all of the motions which stand as moved by myself presuppose that there would still be a heritage savings trust fund for a committee to debate and review. In this motion in particular it's important just to remind the committee that I'm mindful of the review that's ongoing.

Investment managers who provide advice to Executive Council and the activities undertaken as a result of that advice I think need to be measured against some kind of external benchmark. This motion, if passed, would simply require that investment managers be measured against targets and benchmarks identified in the three-year business plan which of course the previous motion speaks to. It would also require that these investment managers appear before the committee to account for their performance and their advice. It would also be consistent with the last couple of motions put forward by my colleague Dr. Percy.

MR. CHAIRMAN: Okay. Against the recommendation? Denis Herard.

MR. HERARD: Thank you, Mr. Chairman. While I have no problem, assuming of course that a three-year business plan were to be prepared, that it ought to be measurable, I do have a problem with requiring that investment managers appear before the committee. After all, the responsibility rests with the Provincial Treasurer, and we have the Provincial Treasurer before us. To get into micromanagement of specific decisions gets into, I think, much too much detail with respect to performance of the three-year business plan. In reality, what we would get, I suppose, is whether or not the measurements that are in place in the three-year business plan are being met or they're not. The Provincial Treasurer would have to answer to those perhaps with advice from his investment managers, but to have the investment managers before us in this room I think is getting way too far into micromanagement.

Thank you.

MR. CHAIRMAN: Thank you. Anyone wishing to speak for this recommendation? Ken Nicol.

DR. NICOL: Thank you, Mr. Chairman. I think it's really important, though, that these people come in here and address before this committee why they succeeded or why they didn't. It's important that we be able to judge their ability to handle the portfolio. I see no problem with asking them to come in here.

MR. CHAIRMAN: Okay. Victor Doerksen.

MR. DOERKSEN: Mr. Chairman, I wasn't sure when Mr. Sapers became the finance critic instead of the health critic. This is an interesting twist.

A lot of the motions already made this morning ask for pictorial graphs, line graphs to present performance trends, or they're asking for input from the private sector, investment managers. We're trying to establish some kind of permissive involvement to investing in foreign equities. I think a lot of that is aimed at answering these questions and evaluating performance of the fund. The determination of whether we like that or not can be made in this committee, if it still exists, and those questions thrown back to the Treasurer when he's here.

I don't think it's appropriate to support this motion.

MR. CHAIRMAN: Okay. Any member wishing to speak in favour of this recommendation?

Okay. Howard, would you like to close debate?

MR. SAPERS: Yes, I do. Thanks, Mr. Chairman. This motion does not speak to micromanagement at all. In fact, what it talks about is accountability, which is supposed to be one of the watchwords of this particular government. We're looking at, depending on whom you ask, \$8 billion to \$12 billion worth of assets and the advice given about the management of those assets to Executive Council and then reporting it or not to this committee through the Treasurer. If we agreed that it would be micromanaging to have the investment managers come in, then, for goodness sake why would we have officials from any department or any heritage foundation funded activity come in? Certainly, you could make the same claim that it's micromanagement. In fact, it's not micromanagement; it's the legislative purpose and mandate of this committee. We have a unanimous recommendation that the chairman write to the folks from Vencap and inquire as to why they have not taken advantage of our invitation for them to participate in this review. Why would we apply any different logic or any different level of scrutiny to Vencap than we would to the investment managers who would help guide the government's decisions around this fund?

I think it's very important that we have these individuals appear in front of this committee so that we can have a better understanding of the assumptions that they're operating under, the advice that they provide, and the direction that they see. Certainly, they would be the experts, Mr. Chairman, and our job is to learn from them. We can't do that unless they're here.

MR. CHAIRMAN: Okay. Thank you.

Number 25, Howard Sapers.

25. Moved by Mr. Sapers:

Be it resolved that the Standing Committee on the Alberta Heritage Savings Trust Fund Act encourage the Minister of Health to investigate the cause and incidence of chronic fatigue syndrome and fibromyalgia through the use of funding available for research from the heritage savings trust fund.

MR. SAPERS: Mr. Chairman, I want to refer just briefly to the comments of Mr. Herard in terms of saying that it's not the purpose of this committee to ask a minister to do one thing or another and also the point that was raised by one member of this committee that the Heritage Foundation for Medical Research doesn't initiate but it rather responds to research proposals. Both this motion and the motion on chelation would ask the Minister of Health to be proactive and go to the foundation and ask them to do the research. That's why they're worded in this way. If it of

course is offensive to this committee that it be worded in this way, I'd be happy to hear an amendment being brought forward. On the other hand, I find it a little bit curious that there would be an objection to asking a minister of the Crown to be proactive in an area of research, whereas, on the other hand, we see that Mr. Herard's motion on the water management system improvement is very prescriptive and speaks directly to asking Executive Council to do some very, very specific things. So there's a certain inconsistency in that argument.

In any case, the incidence of chronic fatigue syndrome and fibromyalgia, sometimes referred to as yuppie flu – there's a whole collection of syndromes, Mr. Chairman, which seem to come to the attention of medical practitioners throughout this country and particularly in Alberta. We've had a very interesting decision of a Queen's Bench justice recently in Alberta which throws into doubt the existence of chronic fatigue syndrome, of fibromyalgia. Certainly the medical profession has recognized these diseases. The Centres for Disease Control in the United States recognize the existence of these diseases. I think that when we're looking at having a healthy and productive work force, these are the kinds of debilitating and chronic syndromes which tend to make work forces less productive. It seems to me that we should try to get ahead of these syndromes instead of just reacting to them, and some directed research funded by the foundation for medical research is one way to do that. It would certainly keep Alberta at the forefront and, as I say, would no doubt add to the productivity of our work force and that mythical Alberta advantage, Mr. Chairman.

11:30

MR. CHAIRMAN: You just had to get that in; didn't you?

Okay. Well, that should stir some . . . Yeah, and it does. Speaking against the recommendation, Denis Herard.

MR. HERARD: Thank you, Mr. Chairman. Having spoken against the previous similar recommendation, I would just like to clarify. I think we have an organization that looks at medical research and prioritizes in terms of the multitudes of requests that they must get with respect to medical research. They look and see, based on a number of criteria that they've established for themselves over the years, which ones ought to get funded. The problem that I have with both of these recommendations, and 25 in particular, is that I don't think we ought to be making suggestions as to what projects ought to get funding when we have competent people making those decisions based on how they see priorities, because they see also all of the myriad of projects that they could be funding. To jump in there through a minister and sort of tie the hands of the management of those funds to perhaps worthwhile but not necessarily high-priority items I think is wrong.

MR. CHAIRMAN: Okay. Anyone wishing to speak in favour of this recommendation?

Do you wish to close debate, Howard?

MR. SAPERS: Yes, thank you, Mr. Chairman. This motion, if successful, would not be binding, but of course it would indicate a desire or direction that this committee would hope that research goes. Far from tying the hands of the Alberta Heritage Foundation for Medical Research, this would unencumber them; in other words, right now they have to react to many more requests than they can possibly fund.

If they were to be aware of the desires of the members of this committee in terms of the direction, certainly it's very legitimate, I think, for any member of the Legislature to have an opinion and

to try to encourage research in an area that's of interest to that member's constituents. I think that if the foundation were aware of the concerns of Albertans being brought forward through their elected members, it would be very instructive to them. Of course, members of the foundation don't have the same access as members of this Legislature do directly to the people of the province. I think the foundation was set up to address broad-based needs, and certainly research into health problems is a broad-based need. This particular collection of syndromes is affecting the population and is understudied.

I see this as a way of enabling direct access to the foundation through elected members from the people of the province. So I don't see this in any way as tying their hands. In some way it releases them from the more political control that the foundation may encounter because of Executive Council's role in the decision-making about this foundation and other foundations funded through the heritage savings trust fund.

MR. CHAIRMAN: Okay. Thank you.

Recommendation 26, Dr. Nicol.

26. Moved by Dr. Nicol:

Be it resolved that subsequent annual reports of the Alberta heritage savings trust fund contain an annual independent assessment by designated investment dealers on the market value of the Alberta heritage savings trust fund financial assets as a means to evaluate the liquidity and marketability of investments or classes of investments.

DR. NICOL: Thank you, Mr. Chairman. This motion basically will provide an opportunity for an annual outside assessment of the value of the heritage fund and its marketability and liquidity. This is important because we always have questions raised as to where we really stand on the value of the heritage fund, and by having an outside group do it, they will be using publicly accepted measures of evaluation. So I think this is just a mechanism to provide better information for the public to better understand where we stand relative to the heritage fund in terms of whether or not it can be marketed, what parts of it are marketable, and how easily or how difficult it would be to market parts of the fund.

MR. CHAIRMAN: Any member wishing to speak against this recommendation? Victor Doerksen.

MR. DOERKSEN: Well, the idea of an independent assessment is of course always a good idea, and we did have an independent assessment completed this year by four investment companies. Whether we want to do this annually and the cost entailed to do that are some things that I would question. We do have the Auditor General who does review and provide his opinion on the financial statements annually. To ask for an additional independent statement on an annual basis is a bit much.

MR. CHAIRMAN: Thank you.

Lance White, for the recommendation.

MR. WHITE: Speaking in favour of this. Having had to review annual reports on these kinds of long-term investments, like the sinking fund in the city of Edmonton – there are two different hospital boards that have the same sort of long-term funds for endowments and that sort of thing. There are numerous ones at the University, and every single one – it's not expensive. This is an independent review, and there are at least four firms in Canada that do it as a matter of course. That's all the business they do.

They are not investment dealers proper. They in fact are in the business of reviewing the work of investment dealers, and they report – it's a relatively brief report – and stack up any manager's performance versus other like mandates. You don't stack up this particular fund with one that would be high risk in Alberta Securities or Vancouver Securities, minerals and that sort of thing. You wouldn't stack it up against that at all. It would be government. There are a number of funds. They're all reported, and they're all reviewed by these people, and I think it's tremendously well-spent money.

MR. CHAIRMAN: Any member wishing to speak against the recommendation?

Okay. Ken, do you want to close debate?

DR. NICOL: It's just a comment on the cost. Once the process is put in place – you know, we had this review this year that cost us about \$50,000. If we continue to fall back to the same group and they're using the same processes, the cost on an annual basis would now be a fraction of that. I think it's just good to have this kind of information available for the public so that they can see where it is and on a consistent basis.

MR. CHAIRMAN: Okay. Thank you.
Recommendation 27, Dr. Nicol.

27. Moved by Dr. Nicol:

Be it resolved that subsequent annual reports of the Alberta heritage savings trust fund provide a more detailed explanation of variances between actual and projected performance benchmarks and targets and express the impact of these variances in monetary terms as recommended by the Auditor General of Alberta.

DR. NICOL: Thank you, Mr. Chairman. This motion basically asks that the heritage fund in its reports provide us with a lot more information as to the success of their performance. We'd like to ask for explanations why certain parts of the fund perform better than expected or less well than expected. Again it's just a mechanism to better provide rationales for the changes that are going on and then the deviations.

MR. CHAIRMAN: Okay. Thank you.

Any member wishing to speak against the recommendation?
Did you wish to close debate? Okay. Thank you.
Number 28, Dr. Nicol.

28. Moved by Dr. Nicol:

Be it resolved that the office of the Auditor General be required to certify the reliability, appropriateness, and accuracy of the performance measures and data contained within the annual report of the Alberta heritage savings trust fund.

DR. NICOL: This one again is basically giving the Auditor General the responsibility to look at the reliability and appropriateness of the performance measures that are set out as standards for the heritage fund. It gives us the mechanism of going back in and checking on their reliability and accuracy and makes it so that we have somebody kind of looking over the shoulder of this group on behalf of the public.

11:40

MR. CHAIRMAN: Okay.

Any member wishing to speak against the recommendation?

MR. DOERKSEN: Well, a question for clarification. Dr. Nicol, when you're talking about the accuracy of the performance measures and data, what are you referring to there?

DR. NICOL: It falls back to the expectations that the fund managers set up each year in terms of the revenue that would be generated to support different aspects. They have to develop a set of expectations and performance measures, and this falls back to one of the other resolutions that's been moved as well. It basically gives us a mechanism to set out a criteria that would review the success of it: why they performed the way they did or why not, and whether or not the people who are reporting data to the public are doing it in a straightforward, out-front mechanism. That's what the Auditor General's responsibility is.

MR. CHAIRMAN: Now, having heard that clarification, do you wish to speak against the recommendation?

MR. DOERKSEN: You'll have to wait and see how I vote.

MR. CHAIRMAN: Okay.
Ed Stelmach.

MR. STELMACH: I have a question. What, then, is the Auditor General doing different from what you're stating here?

DR. NICOL: This basically gives the Auditor General direction to comment on the relevant performance measures and their accuracy and whether or not they're being effectively followed.

MR. STELMACH: So what you're saying then, Dr. Nicol, is that today the Auditor General cannot question the information that is brought forward by the funding managers. He does review and compare them to others. Where is this going to give more teeth to the role of the Auditor General than he has presently?

MR. CHAIRMAN: If I might. The chair is interested in making sure that these matters are clarified. Mike Percy, do you have anything you would add to the discussion?

DR. PERCY: What has happened, as you know, is that the previous Auditor General, Mr. Salmon, was certainly not very much in favour of efficiency audits or in fact assessing whether or not the money was spent in the most appropriate fashion or whether the performance targets were legitimate in the sense that they were getting as much in terms of service provision or output as could be gained from the expenditure of those dollars. Over the course of the summer the Auditor General's department seems to have moved forward in context with the move towards these business plans to assessing some of the goals that have been set up.

What this motion does in a sense is direct him to say that this is particularly important with regards to the fund management, seeing that the targets that are set in fact are the highest possible targets that could be achieved given the resources, because you can always look good if you aim low. The real question is: have you set targets that really require you to extend yourself? I think this motion here is consistent with the change in direction that has been observed with the Auditor General's department. That shift in motion has also been set out in that document that the Auditor General's department had released I think it must have been about two and a half months ago, an accountability framework. So it's consistent with the change in direction that has occurred in the sense it's saying that it's a good idea and perhaps look here in particular.

MR. CHAIRMAN: Ken, are you wanting to add anything to that clarification?

Now, with that clarification, do you wish to speak against the recommendation?

MR. STELMACH: Just to go back to Dr. Nicol's earlier statement. He said to use generally accepted standards. I would hope that the Auditor General is doing that. That statement sort of leaves it up in the air as to whether or not the Auditor General is following generally accepted standards in reviewing these funds.

MR. CHAIRMAN: Okay. I'm going to accept that as still part of the clarification of this.

Victor Doerksen.

MR. DOERKSEN: Thank you, Mr. Chairman. I don't object to the Auditor General reporting: here's what the performance measure was, and here's what was attained. It's very easy in hindsight to say: "Well, you guys sure messed up. You should have invested here because you could have made more money." Well, at the time the decision is made, you make certain assumptions about the economics of a particular investment, and you invest accordingly. You don't always make the right decision that generates the highest return. So reporting on what happened I've got no problem with, but to suggest that the Auditor then should make a value judgment and look back and say, "Well, you guys did it wrong," I have some difficulty with. I think the Auditor General's role really covers most of what Dr. Nicol is looking for already.

MR. CHAIRMAN: Well, that is, then, against the recommendation. Any member wishing to speak for the recommendation?

Okay. Do you wish to close the debate, Dr. Nicol?

DR. NICOL: It's just important, though, that as part of the function of the Auditor General they look at, in essence, the credibility of the performance measures that were established by the heritage fund and whether they were appropriately set. I don't see this as looking back and saying, you know, that hindsight is better. It's a matter of did they go through the right process in setting those performance measures. This is what we're asking them to look at and not necessarily was the measure, in hindsight, correct. Did they make the right choice at the time?

MR. CHAIRMAN: All right. Thank you.
Number 29.

29. Moved by Dr. Nicol:

Be it resolved that the Department of Energy be required to prepare a report evaluating the benefits of the southwest Alberta renewable energy initiative, SWAREI, and include projected feasibility scenarios with respect to program power allocation as a component of the Alberta integrated system, AIS.

DR. NICOL: This one arises out of the discussions we had with the Department of Energy where they basically were telling us that they have put a lot of dollars into conducting research as to the commercial feasibility of wind energy, but they're not committing to any kind of a report that would say, "Yes, this may be feasible under these kinds of scenarios of Alberta's future." If we're really looking at commercialization of this kind of energy, part of the responsibility of any kind of a research project that looks at

commercialization should be to develop a set of scenarios under which commercialization can be realized. In the debate the minister kept referring to the fact that that is not something they expect to see forthcoming. I would just like to have this resolution supported in the sense of asking the minister to request this kind of a report from the individuals who were involved in this research so that we can look at it and see where it would fit into the future of Alberta's energy needs.

MR. CHAIRMAN: Okay. Is there any member wishing to speak against this?

MR. DOERKSEN: Mr. Chairman, I don't propose to be an expert on SWAREI, but in discussion with the minister she indicated that while she's not against providing information, apparently there are some contractual obligations in existence at the time that would prohibit release of certain information, and I think that has to be respected.

MR. CHAIRMAN: All right.

Speaking for the recommendation? Lance White?

MR. WHITE: No.

MR. CHAIRMAN: No? Okay.

Any member wishing to speak for the recommendation?
Okay. Do you wish to close debate?

DR. NICOL: In closing, it's not necessarily to divulge priority or patent-type information in connection with developing these kinds of scenarios. We have to look at the impact on the industry in terms of the suitability of wind energy. We know from experience that in southern Alberta the wind blows for two weeks, and then you can have a week with no wind.

DR. MASSEY: When was that?

DR. NICOL: In 1942. But you can end up with these kinds of scenarios. You know, if the wind patterns die off, do we end up having to have the fossil-generating capacity or the hydrogenerating capacity there to replace them? Do we then have to have all of this kind of situation, or do we have within Alberta enough flexibility in our energy demand that certain industries are willing to give up their consumption during periods when we are short of wind? What level of supply from wind energy can our system support? These are the kinds of questions that come up all the time. The minister was saying: no, we're not interested in getting those answers. Well, I think part of any kind of a commercialization study has to answer those kinds of questions, and I would ask this committee to request the minister to provide us with answers.

11:50

MR. CHAIRMAN: All right. Thank you very much.

Well, we've been able to get through the debate on all of the recommendations that we have in front of us, so naturally we will not be required to meet at 2 this afternoon. We will be meeting at 10 tomorrow morning to hold the formal vote, then, on each recommendation in its turn. I understand from my able assistant that there will be a new and clean document that will be circulated to us that will incorporate the amendments that were made this morning.

Ken Nicol, you had a question?

DR. NICOL: Mr. Chairman, would it be possible to get unanimous consent to meet at 9 o'clock tomorrow morning instead of 10 o'clock?

MR. CHAIRMAN: I don't know how you get unanimous consent when all the committee members aren't here. Perhaps what we could do is maybe get a discussion going over the lunch hour, and if you would designate someone from your caucus that I could talk to, then I'd be glad to . . .

Mike Percy.

DR. PERCY: Well, I was going to suggest that if we were going to unanimously agree, whether a quorum is here, to changing the hour to 9, why not change it to 2 this afternoon.

MR. CHAIRMAN: I see nodding and that type of thing. I'm not opposed to that, but I again would have to consult with all members of our caucus and then talk to Mike Percy.

MRS. LAING: Mr. Chairman, I would like to have the evening to think about the comments that were made about them. You know, perhaps I would change my mind on certain issues now that I've heard the debate. So I think it's important to have that space to reconsider and reflect on discussion and go back through *Hansards*.

MR. CHAIRMAN: Okay. Well, that takes care, then, of this afternoon. I guess the question will still be the difference between 9 or 10. I see a shaking of a head, so that issue is already declared. So we'll meet at 10. [interjection] I see one member who is reacting negatively to 9 o'clock, so we'll be here at 10 o'clock.

Motion to adjourn? Thank you.

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

