[Mr. MacDonald in the chair]

THE CHAIRMAN: I would like to call this meeting to order, please, and I would like again to welcome everyone this morning. First, I would like to address the agenda that was circulated previously to members. If there are no questions, comments, or concerns regarding the agenda, could I have a motion that the agenda be approved, please?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Thank you, that's fine.

This is a unique time, I believe, in the history of Public Accounts. We have two ministers this morning. We have with us, respectfully, the Hon. Pat Nelson and the Hon. Greg Melchin. Because of the recent reorganization of the government departments, we thought it would be best if both came this morning.

At this time I would also like to introduce Mr. Peter Valentine to the committee again. Good morning, Mr. Valentine.

MR. VALENTINE: Good morning, Mr. Chairman.

THE CHAIRMAN: I believe we'll have a brief round of introductions, starting with members of the committee.

[Mrs. Ady, Mr. Broda, Mr. Cao, Mr. Cenaiko, Ms DeLong, Mr. Goudreau, Mr. Hutton, Mrs. Jablonski, Mr. Lukaszuk, Mr. Marz, Mr. Ouellette, Mr. Shariff, Mr. Taft, and Mrs. Tarchuk introduced themselves]

THE CHAIRMAN: Mr. Melchin, could you have your staff introduce themselves, please?

MR. MELCHIN: Sure. I'm delighted to introduce some of the staff of the Department of Revenue today. On my immediate left, Eric McGhan, deputy minister. To his left is Robert Bhatia, assistant deputy minister. On the far left, Paul Pugh is our chief investment officer for the investment management division, and behind me is Bonnie Lovelace, corporate secretary.

THE CHAIRMAN: Mrs. Nelson.

MRS. NELSON: Thank you very much. Joining us from Finance we have our deputy minister, Peter Kruselnicki, on my left, which is unusual. Tim Wiles is our acting controller, and Rich Goodkey, whom many of you who have been here before will recognize, is the executive director of performance measures, and my executive assistant, Tim Wade.

THE CHAIRMAN: Thank you.

MR. VALENTINE: With me this morning are Gerry Lain, on my immediate left, principal, whose responsibility is for the consolidation and the audit of the consolidated accounts; on my right, Jim Hug, Assistant Auditor General, whose responsibility is for the audit of the Treasury, the department now divided into two, Revenue and Finance; and on Jim's right is Rene Boission, a principal in the office with responsibilities in the Treasury Department and in areas such as the pension plans.

Thank you, Mr. Chairman.

THE CHAIRMAN: Thank you.

At this time I would like to ask Mrs. Nelson if she has any brief opening comments, followed by Mr. Melchin.

MRS. NELSON: Thank you very much, Mr. Chairman and members of Public Accounts, for first of all giving Greg and me the opportunity to appear before the committee. As you know, back in the year we're reviewing there was not the situation of two ministries. There was one ministry. So along with our staff, we're going to endeavour to answer all your questions. We may move questions back and forth, one to the other, or answer them jointly.

At this stage, I'm quite pleased to be here. I was a member of Public Accounts for four years, and this truly is the final process of accountability in the accounting cycle for the government and where you have the opportunity to ask us questions as to how we accounted for the dollars in the particular year before us. So we are pleased to be here.

The year 1999-2000 was a very good year financially for the province. The results showed tremendous fiscal strength within the province for the sixth year in a row, and in fact we were able to record once again an operating surplus that helped us, quite frankly, pay down additional debt and move forward on our goal for debt elimination.

Total spending on programs did increase by 10 percent, or nearly $1.6 billion, from 1998-99. Most of that, however, was onetime increases, about a billion dollars that went into infrastructure, eliminating school board and regional health authorities' deficits, which totaled, I guess, just over $1 billion.

Health and education spending accounted for 57 percent of total government spending, 60 percent of programming spending. Spending increases reflected, though, the priorities of the people. Some of these changes were in health. Spending increased by 15.1 percent, or $692 million, over previous years to $5.285 billion. That's a lot of money. This was for the elimination of RHA accumulated deficits and onetime infrastructure and equipment purchases.

In education spending increased by 9.2 percent over previous years, or $383 million, to $4.558 billion. This mainly was used to eliminate the school board deficits.

In social services spending increased by 10 percent, or $157 million, over the previous year to $1.717 billion. The increase was on children, seniors, and seniors' programs.

Transportation and utilities. Spending increased by 72.2 percent over the previous year, or $468 million, to $1.116 billion. Mr. Chairman, most of this increase was due to the accelerated municipal transportation funding.

In agriculture and economic development, spending increased by 49.9 percent, or $358 million, to $1.076 billion. Most of this increase was due to higher spending on agricultural assistance. Actually our debt servicing costs, Mr. Chairman declined by 30 percent, or $423 million. This reflected not only the lower foreign exchange valuation for debt held in U.S. dollars but also the result of significant debt repayments.

Total revenues were up 20 percent, or $3 billion compared to the previous year. The increase was primarily due again to very strong energy prices. The average oil price for 1999-2000 was $23.16, an increase of $9.46 per barrel, or nearly 70 percent, from the previous year. Natural gas prices increased by nearly 35 percent over the previous year. As a result, nonrenewable resource revenues doubled to $4.65 billion from $2.3 billion in the previous year.

Personal tax revenues were up by 10.8 percent to $5.1 billion. This was in spite of the fact that there were no increases in our income taxes. So our economy was doing well and obviously business was doing well.

Does prudent budgeting work? Well, if you can do better than you expect, obviously it does, because the results are in the final analysis. When you're looking at an economy that is dependent upon a volatile commodity, it's better to be on the side of being prudent than to be on the other side, and obviously this year was just another case of that where it worked.

Our performance has been tracked, and there are just a few things that I think are important in the 1999-2000 year. Striking the balance for quality of life in Alberta was done through our fiscal responsibility: our economy, our health services, our education, our concern for people, our environment, and our overall restraint. By and large, I don't think anyone could complain about the performance that occurred financially in this province in this particular fiscal year we're looking at, let alone the ones prior and hopefully the ones after.

8:42

At this point I'll turn it over to Greg. He might want to make a few comments on some of the revenue implications that are involved in the financial statements. If you have questions, we have enough officials here, I think, Greg. If we don't have the answer, they should, and if they don't, they for sure will get back to your committee. But I think we have by and large complied with the Auditor General's requirements and recommendations. If there are those we're still working on, we pledge that we will accept them and work on them. We do have a very close relationship, this department in particular, with the Auditor General's office. We do seek their advice, and amazingly enough we actually – I won't say always – almost always follow it. So there's a good relationship between our ministries, one that we think is very important.

Now over to you, Greg.

MR. MELCHIN: Thank you, Pat. I'd like to welcome the members to Public Accounts. I, too, have had the opportunity of sitting on Public Accounts. It is a golden opportunity, I think, to see that the government is held to account to the public for its actions, and this is precisely for that purpose. I look forward to having that opportunity to answer your questions. Certainly those of the staff that are here that at one stage were all Treasury – we're accounting for Treasury's annual report at this stage.

I would also like to welcome the Auditor General here, and my compliments to him and his staff for all they do. I had the privilege as a young, new articling CA student to work under his tutelage at Peat Marwick in some training in those days, so it's been a pleasure to watch his career and also have the opportunity to work with him in government. He has much to offer both to the departments and to the administration in a hard, critical look at the performance of the government.

Today I just thought I'd highlight a couple of areas with respect to the involvement of our department, certainly in response to revenue and tax administration and collection. All the taxes that you will see other than the tax agreements with the federal government – you know, they collect the personal income tax, but the corporate income taxes are collected specifically at this stage by the department. All the commodity taxes, the fuel taxes, the tobacco taxes, and the like are collected, all the administration associated with those collection divisions, the appeals. A number of people are significantly involved in seeing that there's a fairness in approach to the public, to see that it's applied appropriately and fairly and to ensure that there is a revenue stream to finance and fund all the programs of the government.

Revenues had been up a total of 20 percent, or over $3 billion, compared to the previous year, so it certainly was a strong year. Personal income taxes were up. The one exception to that was corporate income tax having dropped almost 25 percent from '99 to 2000. It continues to be an area that the Auditor General has commented on with regards to the estimating of corporate income tax. It's fairly complex. You have losses carried forward. This one year in particular you have a number of issues relating to a decline, that being oil and gas prices being quite low the previous year and the flow-throughs of some of those losses into this year. Though we've seen the climb in the next couple of years, that one particular year there was a substantial reduction in oil and gas prices, some of the commodity prices, which led to a substantial reduction in the corporate income taxes.

We've also seen the investment management division on the other side of it. It manages a very large portfolio, not just the heritage savings trust fund, but there's a medical research endowment fund, the heritage scholarship fund. It also manages the short-term cash flows of the province as well as administers a number of pension funds outside of the direct control of the government; so a large investment portfolio. Its income increased by over $284 million. In fact this year about $1.2 billion was earned on the fund from the heritage savings trust fund.

One of the lost, unknown, and unrecognized facts in the public is how well the heritage fund has actually performed and the income that is actually derived from that fund. Too often the comments come back wondering: does it exist? Is it invested and solid? Does it have prudent management? I'm here to state that I'm pleased with the performance of the group that manages the heritage fund. It is taking a very professional approach to looking towards the greatest return on those funds.

So we look forward to your questions today. Certainly we have people here that had that experience in working with these reports over the past few years. Please ask any and all the questions you would like.

Thank you.

THE CHAIRMAN: Thank you, Mr. Melchin.

Members are allowed one question plus one supplementary, with questions alternating between opposition and government members. So this morning I would like to call on Dr. Taft to start. Or would he prefer to defer his question?

DR. TAFT: Oh, I'll squeeze one in here.

THE CHAIRMAN: Okay. Go ahead.

DR. TAFT: If I can start with something general, and I'm assuming this is in order. You know, as a lifelong Albertan I'm concerned about our converting the nonrenewable wealth of our petroleum resources into permanent wealth that will be there for our children and grandchildren and so on. You mentioned, Mr. Minister, about your investment policies in the heritage fund. I'm just looking for a little more detail on that, if it's appropriate, your official sense of how we are doing in converting our nonrenewable resource wealth into permanent wealth through the investment vehicles you have. Do you feel we're doing an adequate job on that?

MR. MELCHIN: I'll have Paul Pugh actually comment more specific to it, but in general I would like to say that the approach and priority of the government had been and has been since 1995 when there was a fairly extensive survey of Albertans done about the purpose of the heritage savings trust fund and what its mandate might be – a number of options were presented and the responses came back saying: preserve the fund; keep it; ensure that it's there to maximize its return and is there for the future needs of Albertans.

So that has been the mandate.

Its investment structure and direction have changed substantially since those days. The division was actually put into two portfolios, a transition portfolio and an endowment fund. That purely was a mechanism to transfer the investments as existed from maybe being short term or other purpose-related capital projects or whatever, transfer that into an endowment portfolio whose mandate was long-term investment returns, maximizing the returns. So over a period of years that transition portfolio is disappearing. Through this year about $100 million per month, or $1.2 billion, was transferred from the transition to the endowment portfolio. Its objective was then to look toward long-term returns and maximizing those returns long term.

However, the objective and priority of the government – Albertans have come back and said: paying off the debt is the first priority; extinguish all of those. So the investment income and returns of the heritage savings trust fund have been put back into general revenues to pay off and finance both the program expenditures of the government plus repayment of the debt. So you'll see that the heritage savings trust fund has not been growing as far as that period of time but is more a source of income to supply both program expenditures and repayment of the debt.

I'll have Paul Pugh answer specifically as to the performance and management of that fund.

MR. PUGH: Thank you. With respect to the heritage fund, we have established for the fund benchmarks that measure the performance of the fund. Over the last year we had a very strong performance in the heritage fund. It exceeded its benchmarks by roughly 150 basis points, or in layman's terms, 1.5 percent. As things are going through this year, again we've exceeded our benchmarks, and the fund is performing quite well with respect to its benchmarks.

Two other comments I'd make. We have transitioned the portfolio from the transition portfolio to the long-term view, the endowment portfolio. Because of the strong financial situation of the province we've increased the transfers so that we're taking a quicker process to get to that long-term view of the heritage fund. The other issue, I would say, is that over the last couple of years we've increased the bench strength of the investment operation by bringing in some younger people to have a strong team in place to manage the fund for the long term.

8:52

DR. TAFT: My supplemental, then, coming out of that. Given that the heritage fund investments have performed so well, aside from the political case, the consultation with Albertans, was there a business case done and if so would you share it – maybe you have shared it with the public – looking at whether it was better to pay off the debt and get out of that or better off to have put more money into the fund, where we might have actually earned more than our debt was costing us? So over the last several years have you done what I would call a business or financial case in analyzing that?

MR. MELCHIN: One of the performance measures of the heritage savings trust fund is actually to earn a return higher than the cost of our debt. That is one of the benchmarks used, and it has outperformed the cost of debt. So, I guess, certainly there could be an argument to be made to just continue to grow that fund versus repaying the debt as a financial instrument. However, the debt has always been an area to which, I would say, all Albertans and certainly this government have taken a priority view that it is a priority: let's eliminate the debt; let's not have the compounding problems of managing both the debt and an investment; the heritage savings trust fund should be for purposes of long term.

Now, the performance business case. I don't know of any other specifics, whether there were further studies done on a specific business case. Paul?

MR. PUGH: There have not been, shall we say, specific studies done on that case. The priority has been established that the debt would be paid down first. I believe that as we go forward with the new Minister of Revenue, we'll be looking at those issues as the debt gets paid down, whether or not more money should flow into the fund.

THE CHAIRMAN: Thank you.

Mr. Marz.

MR. MARZ: Thank you very much, Mr. Chairman. The Alberta government failed to reach some of its targets in a number of core measures in the government business plan. For example, on page 67 in the Measuring Up portion of the annual report the numeracy level target for mathematics was missed. Could you explain why that was?

MRS. NELSON: I'm going to ask Rich Goodkey to get in. He is actually our executive director on performance measures, and I'll ask him to give you the detail on it, and then I might supplement his answer.

MR. GOODKEY: Thank you, Madam Minister. Well, the purpose of these targets that we set is to involve a stretch, and you'll see in many cases that we are not achieving the target, but a lot of these things take time to achieve. In the mathematics one in particular I'd have to defer to the ministry to talk to us about why the improvement is as slow as it is, but we could have set a target much lower.

One of the challenges we have in this area when we're developing these targets is to find out what an appropriate target is to set, and in some instances we're discovering that we perhaps have been a little ambitious in setting these things. Nevertheless, we are staying with the ones we have set, the notion being that over time the direction that we're going in is a whole lot more important than achieving the absolute number. I'd have to get details and get back to you in terms of the strategies that the ministry is pursuing in that particular area of study, what it is that they're actually doing to move that target forward.

MRS. NELSON: If I might, Mr. Chairman. When setting some of these performance measures, it's critically important to recognize that I often call them two types of performance measures: those that the actual staff and the people within the ministry have the ability to be a part of or be measured on and those that are more the global target that we should be achieving as an overall part of our plan within the province. In other ministries I'd like to call them internal and external performance measures, that with the external we really don't have direct control over meeting the goal that's the ideal situation. So I usually differentiate between the two.

There's lots of review by the individual departments on the measures, particularly in Learning with the grades 3, 6, 9, and 12 exams. They are continually analyzing the success or the not success of the programs through those exams. In fact, they were just in the paper in Calgary and I'm sure up here in Edmonton this week, identifying for all of us which schools our kids should go to. So there are lots of performance measures out there. Those are more external performance measures, and sometimes these plans don't say that this is an external measure, if that helps.

MR. MARZ: Thank you for that answer.

I also note that there are a few of the core measures of the government business plan in the same document Measuring Up, annual report, such as parks visitation on page 125, economic status of children on page 61, the educational attainment on page 65, infrastructure capacity on page 93. They have no targets at all, and in addition goal 5 on page 73 and goal 8 on page 89 have no measurements at all. Why would that be?

MRS. NELSON: Well, all of them are different. Did you want to go through each one and have a look at them? I think a lot of them would be subjective to, again, I call it the external implications. The goals should be there, but when I look at a performance measure from a department, I look at what actually they could physically deliver. Some things they can't deliver outside. I call those external performance measures.

Now, I have to go to all these pages. What did you have? Page 61. What's on 61?

MR. MARZ: Page 61 is the economic status of children.

MRS. NELSON: In some cases there hasn't been something to measure against. There isn't a backdrop to measure. This is the starting point to measure out because you're looking at a new goal. You'll build on the measurement yourself if it's a new direction or a new goal. You don't necessarily have the tools to measure it against something. It's hard for them to put the target on it, so you leave that even though the goal is to accomplish – 91 percent of Alberta children live in families with incomes above the market basket measure, which is better than average. The goal on page 61 is: "Our children will be well cared for, safe, successful at learning and healthy." Now, all of that combined, I don't know if there would be a specific measure you could measure against. Does that make any sense to you?

Rich can jump in here on these performance measures. He's the one that audits them for us. Rich?

MR. GOODKEY: If I could supplement that answer, Madam Minister. On that particular measure you'll see in the new Measuring Up that's coming out this year that, first of all, the name has changed to well-being of children, not dealing just with the economic status. Alberta has been playing a leadership role at the national level in developing a new measure for this particular area, trying to get a handle on what poverty is.

Statistics Canada has published low-income measures and low-income cutoff measures that by their own admission are not very good measures of poverty. We've been working at a national level to come up with a more absolute measure, one that actually takes a basket of goods that involves food, clothing, and shelter and determines for a family with two children what an appropriate amount, more than subsistence level, would be to sustain that family in various regions of the country. One of the largest variables is housing costs. So this measure has been under development for three or four years, and we should be able to produce Alberta information dependent upon size of city and locale and compare that to across the country so we can see where we stand in terms of the well-being of children living in families who are at a certain poverty level. The preliminary information indicates that Alberta is doing reasonably well on a cross-Canadian basis.

9:02

I could speak to others. The one on goal 8, for example, having to do with the innovation of Alberta business. Statistics Canada is developing a new measure, and we will be reporting in the future on the connectedness of Alberta business, the extent to which they are connected and do business through the Internet. We will be providing that kind of information on a cross-Canada basis as well to give a demonstration of the innovativeness of Alberta business. Many of these measures take time to develop. We haven't been providing information just because we had the information. We went in search of the information we needed, and some of these do take time to develop.

THE CHAIRMAN: Thank you.

Dr. Taft, followed by Mr. Hutton.

DR. TAFT: Well, Mr. Chairman, I should take this moment to point out that my colleague Laurie Blakeman is not here because of illness. She's been struggling for a couple of days and just couldn't make it this morning. So it seems gentlemanly, given the great number of people here, to share more questions with them. So I would defer my question.

THE CHAIRMAN: Fine.

Mr. Hutton, followed by Mr. Cao.

MR. HUTTON: Thank you, Mr. Chairman. I was certainly encouraged by the Minister of Revenue's comments with regard to the Alberta heritage savings trust fund, that it is alive and well, as I've been charged with being chairman of the Assembly's Heritage Savings Trust Fund Committee. Dr. Taft, I thought, raised a couple of good questions with regards to the fund, but I would like to get into some of the specifics. I've been a newly minted MLA for only a month, and I have been going over the records, but if you could, gentlemen, just look at our Treasury annual report, page 142. I'm going to get into just a couple of specifics so that I'm clear on what some of these numbers mean. On the endowment budgeted funds and the actuals for 2000, there's quite a difference. Is that maybe, Paul, the transitioning moneys? You've got the budgeted $280 million and the $679 million actual; right? Mr. Minister?

MR. MELCHIN: I'll have Paul supplement this one as well, but in comparison to the last year, for example, you've got $679 million of income versus $270 million in the previous year, a very substantial jump in the endowment portfolio. Two reasons. The equity markets were certainly strong in that year. The endowment portfolio taking a longer term view to investment has a larger percentage of its portfolio put into equities, both Canadian and foreign. So the performance on those was very strong during that year. Plus by putting in additional funds, another $100 million per year coming out of the transition portfolio to the endowment, is going to mean that it's going to start having declining income, and the endowment each year will start having increasing income or returns over the long term. I'll have Paul supplement that.

MR. PUGH: Not much to add. The major change was in capital gains in the portfolio because we had strong markets at the end of '99, particularly in the Pacific basin, where we took quite a bit of profits. Additionally, we had in the endowment portfolio some restructuring of some equities that generated capital gains. I wish we could budget for them every year. But we had some very strong markets, and the capital gains flowed through into the income statements. So that's the major reason for the differences in the budget versus actual.

MR. HUTTON: That's a good reason though.

My second question. If you look down to the line of net increase in fund equity in '99, nada, and then it goes to $230 million. That ejection of funds: what, why, when, how?

MR. MELCHIN: There is the opportunity to inflation-proof the fund. I suspect I'm going to have to have Paul supplement whether or not this is – before we go to note 5. You're talking about the $230 million? That is probably retained in the fund. There is the option to retain funds or reap some of the income inside the fund and let it grow. I suspect that the $230 million is in relation to just that, retaining and inflation-proofing the fund, keeping some of the investment income inside the heritage fund to let it grow rather than using all the income from the fund and putting it to general revenues to pay down debt or other programs, retaining $230 million to the growth of the fund. Paul?

MR. PUGH: The background was that because of the strong capital gains we had that year, it was felt prudent to put some of that capital back into the fund and effectively inflation-proof the fund by $230 million. That was roughly taking the CPI amount, which turned out to be the size of the endowment portfolio.

THE CHAIRMAN: Mr. Cao, followed by Mrs. Jablonski.

MR. CAO: Thank you, Mr. Chairman. Once again I wish to say my appreciation for the office of the Auditor General for providing an excellent document here that I looked at and used for asking some questions here.

Could I refer you to the annual report of the Auditor General, 1999-2000? From there I can see that the Ministry of Finance and the Ministry of Revenue in 1999-2000 handled revenue of $20 billion with expenses of $17 billion and managing assets of $22 billion, so it is a large number. My question is referring to page 266 regarding the cost allocation. The cost allocation is in fact recommendation 43 in the Auditor General's report. There is some notation of a significant cost to the operating entities. It should be allocated to the entity that is responsible for delivering the output. I would just like to ask the minister to comment on the progress.

MRS. NELSON: Could you repeat the question, Wayne? I'm having trouble hearing over here.

MR. CAO: The cost allocation issue. In fact, I want to read recommendation 43.

> We again recommend that the Department of Treasury develop a methodology to allocate all significant costs to those entities which are responsible for delivering outputs.

MRS. NELSON: Okay. I know that this has been an issue for quite some time, because when you have business plans and you have entities put forward business plans with financial statements attached to them and you are looking at performance measures, it's difficult to not have just the revenue side and the expenditure side all presented there for an assessment.

Cost allocations, when they are being split out to various entities, are a key issue. We've had some difficulty in getting it completely allocated out over the years, but I gather we are making some fairly good progress on how to do it a little bit better. I think the Auditor General's office would agree that we have made some strident moves to do that, but we're not quite there yet. Tim might want to supplement as to where we are for this go around, but it's certainly a goal for both our ministries to make sure that it happens. But there are some difficulties that we run into. Tim?

9:12

MR. WILES: This is a topic we've been discussing extensively with ministries and the office of the Auditor General over the last several years. I think either in December or early January of the current fiscal year we reached an agreement with the office of the Auditor General where the ministry financial statements and department financial statements will include a separate schedule of allocated costs. That will include things like the accommodation costs that the Infrastructure ministry provides to departments as well as things like the services Justice provides to departments. So we've struck a balance between the accountability a minister has for the things he has direct control over in his operating statement. We've supplemented his operating statement with a schedule that provides these allocated costs, and in discussions with the office of the Auditor General I think we've reached agreement that this will address the major part of his concern, assuming that we can implement the schedule as we've agreed.

MR. VALENTINE: That's correct. If we can get that schedule to reflect the appropriate information and that information is auditable, then the qualification with respect to cost allocation will be removed for the March 31, 2001, fiscal year-end.

I should just make comment, Mr. Chairman, that I have half a dozen or more of my outstanding working colleagues in the gallery this morning.

Thank you.

MR. CAO: I have a supplementary question here, in fact on the next page, 267, recommendation 44 from the Auditor General. Again it's more like on the reporting side, the timeliness of the reporting. I just want to read the recommendation here: "We again recommend that the Department of Treasury promote the benefits of quality financial reporting throughout the fiscal year." Could you comment on progress there?

MRS. NELSON: Well, as you know, we've accepted the recommendation, and we've been talking with the ministries to ensure that that in fact does happen. I believe there's been full co-operation on it up to this point. So I don't think it's a problem, Wayne. We did accept the recommendation fully, and the reporting mechanisms are a little bit better than they have been. Tim, do you want to supplement that?

MR. VALENTINE: Hon. minister, I'd like to just add that May 1 was a critical deadline. We had received 88 percent of the materials we needed by that date as compared to less than 50 percent last year on the same day. So there's a marked increase in efficiency.

MRS. NELSON: Good. Now that's a performance measure.

THE CHAIRMAN: Do you have a quick comment?

MR. WILES: I was just going to say that again this is something we work on co-operatively with the office of the Auditor General and ministries. We issue our public accounts earlier than any other jurisdiction in Canada, and it's been a work in process or an evolution to continually refine and do the things we do better. We're trying to ingrain that this is part of the day-to-day business as opposed to an add-on at year-end, and that continues to improve each year.

THE CHAIRMAN: Thank you.
Mrs. Jablonski, followed by Dr. Taft.

MRS. JABLONSKI: Thank you, Mr. Chairman. First of all, I'd like to express my appreciation for the work the Auditor General and all his staff does. These reports are massive and very necessary to the democratic process. I commend you on the very thorough job you do, and I thank you for the work you do.

I'm referring to the report called Measuring Up, which I understand is a report that records the performance of the government of Alberta, and specifically page 272 of the annual report of the Auditor General. It notes there that the Auditor General was unable to complete the audit of the performance information reported in Measuring Up due to the late receipt of some information. What procedures are in place to ensure that the office of the Auditor General is provided with sufficient information in a timely manner to perform a complete audit of information published in this government's annual report? This question is for the Auditor General.

MR. VALENTINE: Hon. member, the question really should go to management because it's for them to have the procedure to get that information to us in time, although I think that management will tell you in the particular instance as described here that it was not in their control to provide that changed information any earlier, and we received it at almost the same time as the management group led by Mr. Goodkey received it. So I would ask if perhaps Mr. Goodkey had something to add to this matter, could tell us how we're going to proceed in the middle days of June in year 2001.

MR. GOODKEY: Thank you. Yes, last year owing to a very late change in one of our measures, we were unable to provide the office of the Auditor General at the last moment with the information that they needed to be able to conduct their audit in a timely way. We worked very closely with the office of the Auditor General on this material. As you can well imagine, there's a lot of flow that has to happen here after the year-end, and what we've done this year is we've arranged with the office to provide the material that we get, over half of which comes from ministries, to the office of the Auditor General in electronic form, which should enable us to do our number checking and crunching with them in a lot more efficient manner than we have in the past.

On the issue in question, it had to do with the resource sustainability measure, and it came to pass last year, or in this particular Measuring Up, that we concluded at the last minute that we had the right information but in the wrong place in the report. You'll see in this year's Measuring Up, for example, that the resource sustainability measure will be focusing on renewable resource sustainability, and the information we're talking about here that had to do with the oil and gas sector and reserve lives will appear in the prosperity section as supplementary information in the new Measuring Up. But like I said, I think us going to the movement of electronic information between ourselves and the office of the Auditor General should expedite the process considerably this year.

MRS. JABLONSKI: Thank you. My supplemental question. The Auditor General stated – this is the same report, page 272 as well – that the actual results reported in Measuring Up for the target to prolong the reserve life of Alberta's oil and gas did not relate to the target established in the government business plan. What steps are being taken to ensure that goals, targets, and measures are aligned for the minister and her staff?

MR. VALENTINE: Well, let me just say that in principle we want to see in the Measuring Up information disclosure a comparison of the planning activity to the actual results. Again, in the instance that occurred, there was a change in view of the validity of the measure, and there was no explanation given for that change in the Measuring Up material.

It's important to understand that this whole field of developing measures for performance is young and requires experimentation. Part of the attribute of good information is the comparability to prior periods amongst other attributes that information quality has. So while you may find in the course of time that a measure is not doing what you want it to do or is not reflecting the story you're trying to tell, it's very important to ensure that the reason for the failure of the measure to be operative for you is clearly explained.

With that I'd ask Mr. Goodkey again to talk about the year 2001.

9:22

MR. GOODKEY: Yes. I'd just make a comment on the measures and the targets and the goals in general. Every year after having had discussions with individual ministries and at the deputy minister's level, we take forward ideas that we have for improving this accountability document in terms of clarifying goal statements, re-establishing targets where old targets have been met – for example, when we eliminated the deficit, the next target was accumulated debt, so obviously we had to change the target there – and, also, in just coming up with a better way of telling the story, as the Auditor General has said. So we take forward a number of these issues every year through the cabinet/committee process for review by standing policy committee and cabinet and get direction on whether they concur that this would be a better measure or a better way of stating the goal or, indeed, how high they want to set the bar in terms of the targets.

On this particular issue what came about as a result of this review was a lot of discussion with the ministry of resource development at the time to clarify the fact that in the area of nonrenewable energy resources you can conserve by consumption and use, but really we're in the business of trying to deal with this resource in an economically sustainable way. So it changed the view of how we should measure and track this particular resource from one in the preservation section to a prosperity issue, and it will be moving to that economic section of the report.

THE CHAIRMAN: Thank you.

MRS. NELSON: I've got to get in here as a former Energy minister. On nonrenewable resources the way you can have sustainability is replacement of reserves through exploration. So while you're producing your developed plays, you should be looking for new plays through exploratory work, and that's where you get into a different type of measure. We're working with the Auditor General on these. I call these, again, my internal and external performance measures. I'm a little bit picky on that sort of thing, and I'm anxious to see us work really closely on performance measures that everybody can pick up and walk with.

I think the only thing that was in question here, quite frankly, was the lateness, which I think is really unfortunate when you're trying to do an audit process. It won't happen again. Clearly, we have to look at the performance measures that are in some of these business plans to make sure that there is a comparison or that you're comparing something to something. Sometimes there hasn't been any type of data collected, and we should say that, that there has been no data collected, so someone isn't looking for the comparison. We're going to have to build that statistic and then refer to it on the out years.

On sustainable development for natural resources, the way you do that is through exploration, and that should be your performance in there.

THE CHAIRMAN: Thank you.
Dr. Taft.

DR. TAFT: Thank you, Mr. Chairman. I want to pick up, though, on this theme because it struck me a bit too. If we were to go back to 1971, when this government first came to power, and were to tally up the total value of nonrenewable resource revenues that have flowed through the Treasury in, say, today's dollars, it would be well over a hundred billion dollars in nonrenewable resource money that's come and gone. Of that, in terms of converting that to permanent wealth, we have the heritage trust fund, which is at – I don't have the figure in front of me – $12 billion or something. That worries me.

What worries me is that in an important way we're living off our capital wealth. We all feel wealthy today, but in some measures as a province we have drained a very substantial portion of our capital resource. And, fair enough, maybe we needed to do that, but I believe our reserves are declining. Again it's a bit of a philosophical question, I guess. Has there been thought given to some kind of a balance sheet, I suppose, or something like that which accounts for the changing value of our nonrenewable resources?

MRS. NELSON: On the fiscal plan? That's a good question. If you go back in the development of the oil and gas industry, clearly it was the one thing that distinguished Alberta, probably, from any other jurisdiction in the country. So we had an opportunity to take a nonrenewable resource, develop it, and have the benefit. Over the years, and I guess for my 15 years in exploration and production, there were tremendous changes that occurred in how we did that development, how, after we'd been in and taken the first 20 percent off the top, we were able to go back in and redevelop or re-enter those reservoirs and pour more product out.

On the flip side, for Albertans and for the province what that translated into, the flow of that 100 billion-plus dollars through the economy, was the development of the province. We wouldn't have what we have today in this province if it hadn't been for that flow of resource revenues coming through. I mean, you look at a province of less than 3 million people, and how many jurisdictions like that have more than one major university campus? Quite frankly, we now have two, three, four campuses that are huge for less than 3 million people.

You look at what we have in our infrastructure, and from my standpoint we've been very fortunate to re-employ those capital dollars that were invested in oil and gas into other capital projects. So if you look down the list of assets that we own, which we don't often identify, as Albertans we have between our schools, our hospitals, our postsecondary institutions – and I think there are 27 of them now – a phenomenal asset that is sitting there, a legacy from the development of that resource.

The fallacy that sometimes is there – and I guess I take exception to it with my background – is when people say that we're going to run out or we're going to deplete this resource. That's nonsense. It's absolute nonsense. We have such an abundance of reserves. You look at our gas alone. There are over 200 trillion cubic feet of gas in ground today that we know of and probably another 250 trillion in coal seam gas that we haven't even begun to develop. So the long-term projections are way out there.

Oil sands. I came from a company that was involved in Suncor, in the development of oil sands when everybody laughed at us in the middle of the '70s and said that it will never happen. We were with Great Canadian Oil Sands, and everybody pooh-poohed the development. We stayed with it, and lo and behold there's well over 300 billion barrels of crude in the ground that we know of that's absolutely recoverable today. In fact, it's bigger than that. I mean, it goes on and on. So I wouldn't worry about running out.

What I would worry about probably is: let's make sure we employ the revenue base in the right direction. Right now the goal is for debt retirement because that makes sense. It makes sense to get rid of that interest expense and that burden.

Greg will probably supplement this. We've asked Greg to specifically focus on postdebt. What do we do with the revenue stream that comes into the province? Up to now, because of the Fiscal Responsibility Act, 75 percent of any additional operating revenue must go to debt retirement. But when that debt is gone, what happens then? Part of the reason Greg's portfolio is there is to look at postdebt and create an investment framework so that governments beyond us don't go wild and crazy and spend the legacy, or our children's future. So he's going to look at an investment framework with a mixed portfolio and go through the Future Summit process to look at that for postdebt.

We believe, both Greg and I, this needs to be a legislative framework to keep people's feet to the fire or they'll line up in the parking lot with ways to spend the safety net. And if we've learned anything from the heritage trust fund, the value of having that there, particularly in the hard times, is tenfold compared to all the other suggestions that came through of how to get rid of it. So Greg is creating a framework, is designing and is going to present a framework on investment for postdebt that will go to the Future Summit, and hopefully ideas and ratifications will come. We think we have to do that to secure the long term, but right now the goal is to stay with the Fiscal Responsibility Act, clear the debt, and utilize our resource revenues in the best possible way.

Greg, you might want to supplement on what you're doing on the investment framework.

9:32

MR. MELCHIN: A couple of things I'd like to say, actually, before I get there. You had mentioned a balance sheet of sorts measuring even the value of those reserves, and part of the real challenge in that – and in some respects it's an intriguing thought to somehow put a balance sheet together of what the value of all those reserves are. But much of that has also been proven up in Pat's comment. It's the recoverable question because of technology that is a moving target. We continue to prove that we have more and more reserves available because of today's technology. You look at the reserves that were available for producing twenty years ago. That number continues to grow each year, not actually decline. Certainly it's a resource that's not replenished in the traditional sense, but our technology is improving in a variety of ways to build that. So that will be an interesting question, because we do have that, as far as we've relied upon it, as a very significant source of revenue for the province.

On the other side of it, what has been done – we don't have a sales tax in the province. It has certainly allowed us to structure various income and personal taxes to being lower than other jurisdictions. That has left a lot of wealth that's not necessarily on the balance sheet of the province. It has left the wealth on the balance sheet of every Albertan so that the savings reside there and very much put it back into the stewardship of individuals and families to see that the preservation of their future is in their own hands and not necessarily left to just government to acquire and retain and manage the future wealth streams of the province. Not having a sales tax has been a huge stream of dollars that are left. Maybe we're depleting one, but we're saving it in a whole different way by retaining it individually and corporately and other ways.

With respect to Pat's comments for the future, certainly those comments have been identified with respect to the heritage fund. Does it play a part as a financial instrument for the future in growth or not, and what means and mechanism? Those are great questions, not for the past – the past has had a very structured purpose for it – but going forward in a postdebt era. The questions expand now as to the possibilities of both the heritage fund and various other revenue streams, and we look forward to examining that possibility.

DR. TAFT: Well, I hesitate to ask a supplemental because we might use up the rest of time, but I will. There's a basis for a very interesting discussion here. I did notice, for example, in this year's estimates that the expected revenue from conventional oil, which isn't at a bad price, is estimated at $800 million I think. You know, that's a fraction, especially if we account for inflation, of what it was some years ago. I remain concerned that, despite directional drilling and fracturing and so on, we are in fact depleting some of our important resources. The evidence tells me that that has already happened to conventional oil.

In terms of using that wealth to pay down the debt, fine, but we've already established there is no business case for that. So we don't know if that was financially a right decision or not. Politically it was.

I guess my question is: sure, the balance sheet might change. It would change. Of course, it would change every year for Microsoft or Coca-Cola or anybody else. Why not? And you don't need to answer that.

MRS. NELSON: Could I comment on the conventional side just quickly?

DR. TAFT: Please.

MRS. NELSON: If you go back – and I'd like you to do this just to satisfy yourself. Go back to the lists of the resource revenue bases and see the shift. Go back years; go back and compare. You talked about '71; I don't think you need to go back that far. We focused on conventional oil. We didn't really focus our attention on natural gas. We used to flare it all. It didn't have a value on the commodity market. Today, of course, the commodity has shifted, and there's been almost a delinking between gas and oil.

DR. TAFT: Yes. I understand that.

MRS. NELSON: Again, I think this is one of the things this government and Albertans have a lot to be proud of. The technological enhancements that came out of groups like the Alberta Research Council, AOSTRA, the Alberta oil sands group that brought forward the processes for SAGD, for the in situ processes that really have fueled the new trend in our industry today of where we're into the heavy oil developments – huge plays – have really moved us from the traditional and conventional and even onto the horizontal drilling and re-entry programs that have gone back into original reservoirs where we only really tapped about 20, 30 percent of the easy find. We've been able to go back in, even through sensitive areas, on a directional drill and pull another 40 percent out of those reservoirs. Most of that has happened because of Albertans taking the initiative, and that's part of the legacy. Sorry; I just think it's a wonderful story.

THE CHAIRMAN: So do I.

MRS. NELSON: The conventional side is still there, but it's on the gas side.

THE CHAIRMAN: Thank you.

Mr. Ouellette, followed by the Member for Calgary-Buffalo.

MR. OUELLETTE: To the Finance minister. Page 103 of the annual report sets out the government's target of having the highest credit rating amongst provinces. I see that our double A-plus rating is indeed the highest in Canada. Can you comment on what has caused the rating agencies to raise our ratings steadily since '95?

MRS. NELSON: Well, I think we go through – I guess I'll say it – almost a torture test, because annually we go through this to know where we're going to be rated. But traditionally the bond-rating agencies look at governments and jurisdictions and look at how they perform. They look at their fiscal plan. They look at: are they meeting the objectives in the public interest, and are they a safe investment? They go through a number of comparisons and then rate the performance, and I don't believe it's dependent upon the other neighbouring provinces. You're basically on your own. There are certain performance measures they measure you up against, and if in fact you have a high grade, then your rating goes up.

We were lucky. We've been lucky for a long time. We've had a double A-plus rating, but this last year we moved to a triple A. We were on level par with the federal government for the longest time, and I believe one of the highest – we're tied with the federal government as the highest. This year we exceeded that, and I think that comes from the six or seven years of consecutive really balanced budgets. Not the smoke and mirrors stuff you see in other provinces where they carve everything off onto off-balance-sheet items. The Auditor General's office keeps our feet to the fire on reporting because, I can tell you, if you miss a line, they will burn you. And that's good; that's healthy. It's good for the province because it's recognized outside, so it's a good measure.

MR. OUELLETTE: My supplemental would be: I'd like you to go back to 99, in between 99 and 101, taxation load measures in Measuring Up. On the corporate side I see we've slipped from second lowest tax, total tax load, to third in '99-2000. What steps are you taking to make Alberta number one on the corporate side as well?

MRS. NELSON: Well, you know from the budget debate we've been in in the House that we put in place a reduction in corporate taxes on April 1 of this year to respond. Our goal, of course, is to see tax rates go down and be the most competitive in the country. On April 1 this year we introduced our business tax and corporate tax reductions; $283 million of tax reductions came out this year. On the personal side, you know that January 1 of this year we implemented huge personal tax reductions with the single tax rate program, and we did that through increasing the personal exemptions. That will bring personal taxes down over a billion dollars this year. We also are the only province in Canada to remove the tax on capital for financial institutions, which I think is another step forward. So we've made moves in the right directions.

Now, some people will say to you, "Is this the spiral down?" and see who goes down the lowest the fastest. Greg mentioned a lot of the tax advantages here in Alberta that no other province has, both personally and businesswise, and we think we're now gaining on the tax advantage side.

9:42

THE CHAIRMAN: Thank you.

MR. MELCHIN: I would like to supplement that in the sense of the tax load. Given the implementation of the new tax, as Pat was saying, along with the reduction in the property tax of $135 million and with the changes to the corporate tax rates, we will be the lowest tax load across the country for business.

THE CHAIRMAN: Mr. Cenaiko.

MR. CENAIKO: Thank you, Mr. Chairman. My question is for the Minister of Revenue. Page 173 of the 1999-2000 Treasury annual report provides financial statements of the Alberta risk management fund. Would you explain why there is a risk management fund and the purpose behind it?

MR. MELCHIN: I'll have Robert Bhatia supplement this. The risk management fund there is available to all employees of the government. Certainly the latest information and interest in the coverage to MLAs has brought this to the forefront, but it is there for coverage for all unexpected liability, as you would have in any business, so that your employees and those that are charged with carrying out its duties are covered from the fear of prosecution in the normal course of their business. But I'll have Robert specifically comment with regard to this fund.

MR. BHATIA: Thank you. The reason for having a risk management fund is really twofold. First of all, it provides the mechanism to protect ministries from unexpected losses and unexpected costs that they might not have budgeted if they suffer accidental loss to some of their property or indeed a loss relating to a liability claim.

Secondly, it also provides the mechanism for us to acquire insurance protection in a very cost-effective way. The fund purchases insurance for all government functions as one and therefore has significant buying power in the insurance market. It also pools together all the potential losses that the government might incur. Therefore, purchasing insurance for a pool of losses is much more cost-efficient than purchasing for individual losses if each ministry did it.

Finally, it also enables us to choose how much insurance to purchase in the marketplace and how much risk to bear internally for government.

MR. MELCHIN: Just as a comment, the Minister of Finance tells me that it's true. This fund has been around since 1986. It's not a new fund. It has been in existence for some time.

MR. CENAIKO: Thank you very much.

THE CHAIRMAN: That's it?
Ms DeLong.

MS DeLONG: The annual report, page 34, the loans and allowances made under the authority of the Alberta Municipal Financing Corporation Act. It seems that that takes up about a quarter of the Alberta heritage trust fund. Can you give me just an idea of what kinds of loans are covered under that, what those loans would be for?

MR. MELCHIN: Can you go back and say what page you were referencing?

MS DELONG: This is the annual report, page 34.

MR. MELCHIN: Page 34, annual report?

MS DELONG: Yes.

MR. MELCHIN: The Measuring Up document? I hate to ask this, but what was your question again now that I finally have the page? You're talking about the Alberta Municipal Financing Corporation?

MS DELONG: What kinds of loans are these for?

MR. MELCHIN: If that's the Alberta Municipal Financing Corporation, I'll refer that to the hon. Minister of Finance.

MRS. NELSON: The AMFC was a program set up a number of years ago to help our municipalities gain access to capital structures within their own jurisdiction. The advantage for them is that they're able to get a provincial preferred rate on borrowing from the marketplace that they might not have been able to attain if they went on their own. Money was put into this fund I think in the '70s, and our municipalities draw upon it for capital projects within their community and then repay it. So they do pay it back with interest on it, which is the cost of our borrowing that goes through in the fund. I don't think there's a premium added on, is there? I don't believe so. But all our cities do access through this Alberta Municipal Financing Corporation. In addition to that, do our school . . .

MR. KRUSELNICKI: No school boards anymore.

MRS. NELSON: The school boards used to, but they don't anymore. It's just the cities now.

MR. KRUSELNICKI: I can supplement that if I may. I'm on the board of the Alberta Municipal Financing Corporation. The city of Medicine Hat, the cities of Calgary and Edmonton, the various municipalities use AMFC to help them borrow at the cheapest rates, essentially, in the country with our triple A rating. So they do it for a number of different reasons and for a number of different terms. For example, they might buy a large piece of equipment and finance that over five years, or it could be a major capital project over a 20- to 25-year period. So it's quite varied.

There's a schedule of shareholders who are eligible to use AMFC at the credit rating. We change our interest rates to reflect current market conditions, but given that we're triple A, that's truly a benefit for the shareholders. So it's truly part of the Alberta advantage. The general manager of the AMFC does report in the Department of Finance and has a very small staff of about three people that provide administrative services to the various shareholders.

MS DELONG: On that same page, partway down, it says that the municipal loans on average yield 9.8 percent. That's just about 10 percent. That seems a little bit high to me.

MRS. NELSON: Why?

MS DELONG: Oh, it's just that I know I get money a lot cheaper than that.

MRS. NELSON: Yes, but remember that some of these loans have been out there a long time, so you're looking at an average. Today if you went to the bank, you'd probably get a lower rate, but take it back to when these loans were negotiated and you probably wouldn't. They'd be substantially higher. So this actually is still extremely beneficial for the types of loans, the size of them and the length of them, that the municipalities draw upon.

MS DELONG: Okay.

THE CHAIRMAN: Thank you.
Mr. Broda, followed by Mr. Lukaszuk.

MR. BRODA: Thank you, Mr. Chairman. A question on the Treasury annual report on page 109, schedule 5. Looking at program 2.0.1, the operating expenses, I'd like to have a comment on the deficit side – we see a $640,000 deficit – and on the surplus in the capital investment of $1,675,000. Could you comment on both of those, please?

MR. MELCHIN: I'll have Robert comment on those.

9:52

MR. BHATIA: The surplus on the capital side was essentially because we deferred some system implementation that we anticipated doing during that year, and that was partly as a result of the deferral to the changes to the royalty tax credit program. The overage on the operating side was primarily because we continued to use our mainframe systems during the year, whereas we had anticipated completing more of the changeover to a client/server type of system which doesn't have the same operating costs.

MR. BRODA: Okay. On the same page, looking at 3.0.4, investment management, again could you comment on the overbudget of $298,000?

MR. MELCHIN: I'll have Paul, if he would, respond to that.

MR. PUGH: The majority of that overage was due to contract services, and in particular – I should probably be the one answering this – a large part of that was for consultant services to appoint a new chief investment officer. That was the bulk of the overage, and there was some other overage on some unbudgeted items as well.

THE CHAIRMAN: Thank you, Mr. Broda.
Mr. Lukaszuk.

MR. LUKASZUK: Thank you. Madam Minister, we need to desperately change gears over here. Kids are lasting on average three minutes in the members' gallery. I hope that's not a form of external performance measure.

Speaking of exciting, in 1999 and 2000 announcements were made on a number of occasions by this government that this province's net debt had been eliminated, but when I look on page 17 of the consolidated report, I find there is still remaining $2.1 billion at year-end. Can you explain the difference?

MRS. NELSON: Okay. Here's where you have a mismatch of reporting time to actual retirement time; right? I always use the analogy that when you want to pay down the mortgage, you have to be careful you don't pay it before the due date or you pay a huge penalty. So you keep the money and then pay it down when it comes due; otherwise, you get the three-month interest penalty. So this clears out. This is one of those situations where you'll see the offset occur after the fiscal year. Does that make sense?

MR. LUKASZUK: It does.

THE CHAIRMAN: Do you have another question at this time, Mr. Lukaszuk? Our time is getting short.

MR. LUKASZUK: Certainly. A really short one. If you were to turn to page 23 of the annual report, it indicates that we ended this year with an accumulated debt of $12.5 billion, which must be repaid over some 25 years. The graph also indicates, though, that there is a $2.7 billion asset. Can you explain the correlation between those figures or the difference between them?

MRS. NELSON: No, but I'll have my deputy explain it.

MR. LUKASZUK: Just as good. Thank you.

Mr. KRUSELNICKI: If you could just run me back through those numbers one more time.

MR. LUKASZUK: Sure. On page 23 it indicates that there is a $12.5 billion accumulated debt that must be repaid over some 25 years, but it also indicates there is a $2.7 billion net asset. How do those correlate?

THE CHAIRMAN: Mr. Lukaszuk, with the time constraints that we have today, is it possible through the clerk to reply in writing, please?

MR. KRUSELNICKI: We could provide the written response. Sure. Absolutely.

MRS. NELSON: Well, absolutely, if the committee would wish that. Did you want to get more questions in?

THE CHAIRMAN: No, not at this time.

MRS. NELSON: Quite frankly, Mr. Chairman, if your committee members come up with questions after this meeting and would like to have some answers, we'd be delighted to send them back in writing to you.

THE CHAIRMAN: Okay. Through the clerk, please.

MRS. NELSON: Through Corinne. And I'm sure my colleague Mr. Melchin would want to do that too.

THE CHAIRMAN: Yes. At this time, on behalf of the committee, I would like to thank you for your co-operation, also the co-operation of your staff. Again, I would like to thank the Auditor General and his staff for their time.

As we have a couple of other items on our agenda, if you would like to leave the Assembly, thank you.

MR. MARZ: Mr. Chairman, on the next order of business. Are we there yet?

THE CHAIRMAN: If you don't mind, Mr. Marz, we'll give the ministers and their staff and Mr. Valentine just a minute to leave the Assembly.

MR. MARZ: I'm just trying to expedite the process a little bit.

THE CHAIRMAN: Okay. Item 4.

MR. MARZ: On item 4, relating to the Canadian council, I would move that

> the Public Accounts Committee send three delegates to the Canadian Council of Public Accounts Committees conference in Regina, Saskatchewan, which is from September 16 to 18, 2001, and that those delegates be the chairman or his designate, the deputy chairman or his designate, and the committee clerk.

THE CHAIRMAN: Thank you. The committee has heard that motion. Any discussion?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Agreement. Thank you. Carried.

Now, the date of the next meeting, I would like to remind all hon. members, is next Wednesday, May 16, and we have the Hon. Lyle Oberg, Minister of Learning, and his staff here.

At this time I would also like to please ask for a motion for adjournment. Mr. Goudreau. Thank you very much.

[The committee adjourned at 10 a.m.]