

[Chairman: Mr. Kowalski]

[2 p.m.]

MR. CHAIRMAN: Good afternoon, ladies and gentlemen, and welcome to another meeting of the Standing Committee on the Alberta Heritage Savings Trust Fund Act. This afternoon we have with us Alberta's Auditor General, Mr. D.W. Rogers.

Mr. Rogers, it has always been our tradition to provide the people appearing before us an opportunity for an overview statement. At this point we would welcome such from you, as well as an introduction of the gentlemen with you, and then we'll proceed to questions from committee members.

MR. ROGERS: Thank you, Mr. Chairman. On my right is Ken Smith, Assistant Auditor General with responsibility for the Heritage Savings Trust Fund audit and, on my left, David Birkby, principal in charge of the audit.

Mr. Chairman, perhaps I could just for a moment talk about the financial statements. Looking at the annual report, they are the blue pages at the end, and those are the only actual audited figures in the annual report. The financial statements are prepared in accordance with generally accepted accounting principles — that is, those principles that are used by the private sector in the preparation of financial statements — with two exceptions. Those exceptions are — and they are noted in Note 2 — that although the percentage of shares of the Alberta Energy Company would, under normal circumstances, give significant influence and consequently under the rules of generally accepted accounting principles one would expect to find the results of operations of the Alberta Energy Company included in the financial statements of the Heritage Savings Trust Fund, either through consolidation or on an equity valuation basis, that is not the case. This is noted because of the peculiar status of the Alberta Energy Company and its relationship to the government of Alberta. Nevertheless it is a departure from GAAP.

There is a second point, and that has to do with the accumulated expenditures of the capital projects division. Mr. Chairman, the committee is aware that I reported on this in past annual reports. In the way in which these assets appear on the balance sheet, there is scope to mislead the reader of the financial statements. If one turns to page 31, Statement A, the figure of \$1.93 billion is shown as investments; it is shown as assets, on the asset side of the balance sheet. But those assets are not owned by the fund; neither are they realizable by the fund. Yet whenever the total of the Heritage Savings Trust Fund is quoted, in most instances the total assets are said to be the assets of the fund. Therefore there is a tendency for this to be misleading.

I think it's demonstrated if we go to page 5 of the annual report. The fifth item says:

The transfer of fifteen per cent of resource revenue (\$720 million) to the Heritage Fund increased total assets by 5 per cent. In real terms, after taking inflation into account, this increase maintained and stabilized the Fund at its March 31, 1983 level.

The 5 percent is after taking the deemed assets into account, whereas that part of the fund represented by securities and investments that are realizable only

increased by approximately 3 percent. The statement that

after taking inflation into account, this increase maintained and stabilized the Fund at its March 31, 1983 level

is still substantially correct in that the rate of inflation, at least in Edmonton and Calgary, was around the same figure of 2.5 to 3 percent, I believe. So although the statement is not wrong, the mention of 5 percent is dealing with assets that are not realizable to the extent of the deemed assets.

Apart from the new items that are mentioned on page 5, which I agree with other than the comments I've just made, I think the rest of the financial statements fairly portray the standing of the fund at March 31, 1984, and the results of operations during that year.

MR. CHAIRMAN: Thank you.

MR. NELSON: Mr. Rogers, you touched on an area where I had some grand plans for asking questions today, and it relates to the real assets of the fund or, as is termed in here in one case, "deemed" assets. I'm inquisitive to know what real value there is in the fund and what assets should actually be placed in this balance sheet as assets of the Heritage Savings Trust Fund. If I may just give a little background on the question, it's based on some thoughts and information I have that some of the investments we've made should not necessarily be deemed assets of the fund. In fact, they're investments in buildings, or whatever, that should be placed in another area rather than be kept under the heritage trust fund as an investment.

MR. ROGERS: Mr. Chairman, if we look at page 31, the \$1,934,638,000 is assets of that type, that do not give the government or the fund a return. Indeed some of the assets are not even owned by the Crown but were in effect represented by grants given to municipalities and so on and so forth. I am satisfied that the statements show what really is. In preparing the statements, I believe they've gone a long way toward segregating assets that give us a return and assets that do not, even to the segregation of the fund equity on the liability side of the balance sheet. You have the equity of \$11,739,691,000 represented by net assets and of course the figure I just quoted for deemed assets, showing that there is even segregation of the equity.

You're quite right that much of that is represented in bricks and mortar, other assets of that nature, which are not owned, controlled, or administered by the Heritage Savings Trust Fund. In many cases they are administered by other departments. You have the hospitals, which are separate entities. As I said, you have the park here along the river; you have Fish Creek in Calgary. They are not assets of the fund. They are only assets in the manner in which they were intended to be, in accordance with the Act. They are investments of the Heritage Savings Trust Fund in, if you like, the quality of life in Alberta. They have created something, but that something is not owned by the fund. Is that clear?

MR. NELSON: Yes, thank you very much. I guess my next question is: what is the real asset of the fund in terms of an investment where we may realize some

return by either moneys loaned out or some investment where we do have a return of moneys to that investment, or something of that nature? What is the real value of that fund?

MR. ROGERS: The asset is \$11,739,691,000, that figure represented by net assets, Statement B. If you look further up the page, the total of assets is \$11,777,046,000, less the accounts payable. Those are the net assets, and those give us a return. Is that okay?

MR. NELSON: So what we're saying in real terms is that the actual asset of the fund at the time of this report is \$11,777,046,000 and not the \$13.7 billion as may be stated, because of that deemed asset.

MR. ROGERS: There is an account payable of \$37 million. So if you are giving the figure as one figure, it is the net assets which is \$11,739,691,000. That is the fund as it stood at March 31, 1984, that part of the fund that is realizable.

MR. R. MOORE: Mr. Chairman, there are three areas I'd like to get Mr. Rogers' opinion on. It's so easy to get into these projects and programs. Usually you can project the initial costs with year-to-year budgeting, but it's the ongoing costs that concern me. Is there enough calculation done in the initial stages on what these projected ongoing costs of programs are going to cost us down the road or, from your standpoint, do we just look at year-to-year budgeting?

MR. ROGERS: Mr. Chairman, in answering that question, I'd like to refer to the annual report, if I may, which also dealt with this matter. It had to do with control over capital projects. There are two aspects of control over capital projects. There is that control that is exercised by the Executive — that is, by the government — and that control that is exercised by this Assembly.

The report I made for March 31, 1983, dealt with the control over capital projects. Although we won't know until the response to this report is tabled by the Provincial Treasurer to the Public Accounts Committee at the beginning of the fall session, those recommendations that I made which I believe are accepted, are these:

It is recommended that financial control and reporting systems used by departments, funds and Provincial agencies . . .

As you know, all of these can administer Treasury fund moneys.

. . . to administer major capital construction projects be designed to provide, as a minimum, the following information to senior management on a prompt and frequent basis for each project and its components.

This will not take long, Mr. Chairman. I think it would help those members who don't have the report in front of them, if I were to read it.

MR. CHAIRMAN: Just for clarification, Mr. Rogers, you're now talking about the annual report of the Auditor General.

MR. ROGERS: That is correct.

MR. CHAIRMAN: Okay. Perhaps you might identify the page number too, in the event that some members [inaudible].

MR. ROGERS: It's on page 44. These are the matters that we feel these systems should provide to management.

Comparisons of the originally approved project budget to the most recently approved project budget, because they do change, with details of increases and decreases resulting from inaccurate estimating, which is perhaps one of the largest factors, project scope revisions . . .

You have two things. The objective remains the same but because it was very early days and all the problems weren't realized, the actual estimate can be low. That is quite common in both private and public sectors. But then there is the situation where the project itself grows or changes. So we feel the system should provide the results of inaccurate estimating, where that has occurred, any project scope revisions, price escalation or other relevant factors.

In other words, rather than saying, "It was estimated to be this at this date and this at this date", there should be a reconciliation between those two figures.

Comparisons of total contract amounts to the corresponding portion of the most recently approved project budget.

The only way a budget is really useful is by comparing how we're doing to the budget.

Comparisons of the latest cost estimates for project components, that have not yet been committed to contract, to the corresponding portion of the most recently approved budget.

As a result of looking at a number of projects, including the health sciences centre and such similar projects, we found that this tended to be a weakness in management reporting, which meant that management didn't understand or know what was happening, and this is important.

We feel that the system should also provide management with analyses and comparisons of ratios of such things as

costs incurred to date as a percentage of the total contract amounts.

So you see how much of the total money you've spent and then compare that to how much work remains to be done. It is of very little use to have information that you've spent 80 percent of the money but you have only completed 40 percent of the work. We feel this kind of information should be available to management. Whether management then discloses that information to the Assembly is another matter. At least management should have a handle on all that information, and that is not always the case.

MR. R. MOORE: Mr. Chairman, another concern I have in the area — and I don't know whether it falls in Mr. Rogers' area — is the end results. In theory heritage trust fund money belongs to the general public of Alberta. Is there any way we should have a more detailed accounting of current investments to show where the private sector is benefitting by these

programs and what have you? I know there's confidentiality of records within companies but a concern of mine is companies that benefit directly from this in providing jobs and so on in our economy. We have our heritage trust fund working for us; we say that. Is there anywhere in the accounting or auditing end of it we can or should show that?

MR. ROGERS: I think the disclosure provided by the financial statements is of a high order, but of course to communicate the other aspects, the nonaccounting aspects, if you will, of what the money is actually doing is really the job of the annual report. I think it goes a long way toward that. Whether it's adequate or not is to be judged in the eye of the beholder. But speaking as far as the financial statements are concerned, I think a high level of disclosure is already taking place.

MR. R. MOORE: Thank you.

MR. MARTIN: Mr. Rogers, to come back to a discussion about deemed assets, I appreciate the clarification you gave Mr. Nelson. I guess I'm sort of curious. In specifics, do we know how accountants come to a figure of \$1.9 billion in the heritage trust fund? How is that determined? I notice that was an increase from \$1.6 billion the previous year.

MR. ROGERS: Mr. Chairman, that figure is cumulative from the date of the start of the Heritage Savings Trust Fund. Perhaps I could refer you to Schedule 6 on page 43 of the annual report. These are the capital projects division investments, and you'll see that they total \$2,134,638,000. You'll notice the difference between that and the figure of \$1,934,638,000 that we've been talking about is \$200 million. If I could refer you to the balance sheet again, you'll notice that there's an item called Capital Projects Division Investments under assets as opposed to deemed assets. That is the Vencap investment which was voted in the Appropriation Act under capital projects division. It was felt, and we concurred, that because it was an interest-earning asset it should be under assets and not under deemed assets.

MR. MARTIN: Just to follow up then, I think this is part of the thrust of what you're saying. These deemed assets are basically expenditures over a period of time, and we really don't know what they would be worth. It's hard to sell some of the things, and even if you could we wouldn't know what they would be worth.

MR. ROGERS: They don't belong to the fund, so you couldn't sell them.

MR. MARTIN: One other question. Correct me if I'm wrong. If I recall, you had some concerns in the past — and I don't see it brought up again — about how the investments were being handled in the heritage trust fund, specifically perhaps an independent committee to look at the marketable securities and these sorts of things. Are you satisfied with the way it is now being approached? I don't see that you've put that in again as a recommendation, as in the past.

MR. ROGERS: Mr. Chairman, if you remember, there was a special report issued. I forget the exact date of it; it was two or three years ago. I can answer that positively. Yes, we are satisfied with the way the investment system works, the procedures that are taken and the controls that are in place. We are satisfied with that, and there's nothing to report in my next report. One of the reasons I'm here is to give assurance to this committee that there isn't anything that's going to come out in the March 31, 1984, annual report of the Auditor General. There will be no reference to the Heritage Savings Trust Fund, because we do not have any current concerns on the handling of investments.

MR. MARTIN: Do I have another question? To bounce around a bit but to come back to the deemed assets: how should these be recorded, or should they be recorded at all, in terms of the province of Alberta's money? Obviously you're critical of the way they are reported now. How should they be recorded?

MR. ROGERS: The report is correct in that it is in accordance with legislation. All I'm recommending is that a careful look be taken at the appropriateness of the way the legislation was established. When I say the statements have a potential for being misleading, it is short of saying that they are misleading, because every effort is being made to segregate the assets that have a return and the deemed assets. The notes fully describe what the deemed assets are and also make the statement that they're not owned by the fund. So any careful reader is not going to be misled, because there is full disclosure there.

I simply feel that this kind of information, in other words the accumulated contribution made by the Heritage Savings Trust Fund from its inception, should definitely be disclosed. But it could be disclosed not on the balance sheet; there could be a separate statement. For instance, there is absolutely no problem with Schedule 6, which shows in detail how that money was spent from the date of inception of the fund to the reporting date. There's no problem with that. The only problem is that it appears as a part of the total assets of the fund, and there I feel it is not strictly correct. I'm simply recommending that perhaps that should be carefully looked at once again.

MR. COOK: Mr. Chairman, I don't want to ask a question so much as to make just two comments. One, I appreciate the good works of the Auditor General. I think of his role as sort of preventative medicine, to make sure the system is running well and that there aren't problems. I'm comforted by his statement that the financial accounts are in good order.

The second point I want to make is that I think most Albertans, at least the ones in my constituency, feel that the heritage fund is much more than simply a 'chitting up' of the assets we could auction off if we had to convert the park out there to one big farm auction, trot in all our assets and hold them up for sale. I think most of us are now starting to appreciate the work being done by AOSTRA, for example, in making the potential tar sands and heavy oil available to us for future development. It's true that we couldn't necessarily sell off our assets in AOSTRA, but what they have done is enable us to

expand and diversify the economy which, I think, is the main purpose of the heritage fund, as well as to save money. I think it has those dual roles, as a savings account and also as a device to be bold and imaginative in developing the economy. We're just now starting to see some of that payoff.

The research in heart and cancer activities is again not something that we could necessarily auction off if we had to have a big farm auction in front of the Legislature Building next week. My dad and I were talking about a little health problem he's got, and he's comforted to know there are now some top quality researchers and physicians in cancer research here in the province able to treat him. I think that's something Albertans appreciate just as much as they would appreciate the 'chitting up' of assets that they could auction off.

In the '75, '79, and '82 campaigns when we were arguing the heritage fund on the hustings, I think most Albertans appreciated that the heritage fund is a bundle of assets, those assets we could sell and those assets which are contributing to the quality of life and in which the heritage fund has made an investment. It may be a social investment, and in that sense I guess we're dealing with an activity that General Motors Corporation would not be interested in. So we are going to have a statement that would be at variance with the generally accepted accounting principles that General Motors might use.

I appreciate your good works and preventative medicine. I also appreciate that Albertans generally are glad we're doing research work in heavy oils, and cancer and heart research. Thank you very much.

MR. ROGERS: Mr. Chairman, I would like to comment on that if I may. One is — and it's something I feel very strongly about — it's no part of an auditor's job to comment on policy, and neither do I. I'm not commenting on how the money was spent at all. It is an auditor's job to comment on the way in which those activities are reported, and that is the sole extent of my concern — not that the money was spent for these objectives, but the way in which they are reflected on the financial statements of the Heritage Savings Trust Fund. For instance, the \$100 million Alberta Heritage Scholarship Fund is reflected in another set of financial statements. AOSTRA is another set of financial statements. So we're getting a doubling up, if you will, if you're looking at them as assets on the Heritage Savings Trust Fund and then also as assets by those Crown entities that receive the funds. That's the concern, as an accountant, not the way in which the money was spent; far from it.

MR. COOK: Thank you very much.

MR. NELSON: Mr. Chairman, I'd just like to get back in on this deemed asset. Under Schedule 6, \$300 million of these funds are provided for the medical research endowment fund. As I understand it, by legislation the investment income is the portion that is used for expenditure on that research. I'm just wondering why we would classify that as a deemed asset rather than an asset, even though there's no income derived from it, considering it's still cash in hand to the fund?

MR. ROGERS: Mr. Chairman, there is yet another

set of financial statements for the Alberta Heritage Foundation for Medical Research Endowment Fund, which is a separate entity created by legislation. It is holding the \$300 million and showing that as an asset — that was the point I was referring to a few moments ago — and showing the interest earned and the way in which it spends that interest in the course of carrying out its mandate as given to it by legislation passed by this House. So a number of these amounts of money are actual assets of other provincial Crown entities, while some have created assets owned by entities that are not controlled by the Crown directly, such as municipalities.

MR. NELSON: Thank you. If you were an accountant or an astute business person, I guess you could probably figure that out by reading these, but a lot of people out there who are not accountants or astute business people have some difficulty. I may be one of them, and there are probably some others back here too.

In Note 2 it is suggested that all the Alberta Energy Company shares are valued at cost. I guess a double-barrelled question is: why do we not value, or should we value, this type of asset at its actual value? Similarly, should we value land that is acquired for development or otherwise at its actual value rather than at its cost plus its capitalized interest? Should we not put a real value in both of those areas, or any area that has a value — rather than cost, actual value? Or would that not be proper accounting procedure?

MR. ROGERS: You will recall that in the case of the Housing Corporation the interest on project land was capitalized, but the problem arose when the book value of the land exceeded the market value. Until that point that was a perfectly valid accounting approach, but it began to cause problems when the value of the land became far more than the market would justify. So it's usual for such assets to be shown at a valuation that is the lower of cost or market. The capitalization of interest is quite satisfactory and quite an appropriate accounting policy in many instances.

In this case, because of the significant influence the government can exert over the Alberta Energy Company, one could say that if you were talking about a similar situation in the private sector, the retained earnings of the subsidiary company should be reflected on the accounts of the parent company. But that analogy doesn't hold here because of the way in which the Alberta Energy Company is treated by the government. In other words, the relationship between the government and the Alberta Energy Company is not strictly that of a parent and subsidiary.

Mr. Birkby has just reminded me that if you look at note (d) on page 41, there's full disclosure of the Alberta Energy Company situation.

The company reported retained earnings
at December 31, 1983 of \$216,700,000

...

That's the amount we're really talking about, whether or not 45 percent of it should be reflected. And of course it isn't. That is what we're talking about.

MR. NELSON: I guess there could be a dozen questions asked. I don't know whether you really

answered the question whether we should, by accounting practice — I know we don't look at government the same way we might look at the private sector, but I still question whether we should be using real value rather than what I would suggest is deemed value, where we have property. For example, some of these big developers are having to write down big chunks of land, and of course they're in a financial bind. We don't do that possibly, and if that be the case I just want to know — yes or no — whether we should be doing what the private sector does and using actual value when we're talking about this fund. So when I as a representative go out to the public I can say to them: it's worth \$13.7 billion and this is where it's at, or it's worth \$11.7 billion and this is why.

MR. ROGERS: Mr. Chairman, if I could comment on that. In the case of the Housing Corporation, because their asset had gone above market at year end, March 31, 1983, I think there was a write-down of \$15 million to bring it down to market, because that is what was being shown on the balance sheet. If you look at this fund, which doesn't contain that land of course, then the figure we've been talking about, \$11,739,691,000, is represented by assets either at cost that is still reasonable or at market if market is lower than cost, in the case of marketable securities. You treat investments that you're going to hold on the long term differently from those you may turn over in the course of, say, a year. At March 31, 1984, those are valued at market value in that case; at least there's the provision to reduce the cost to market.

MR. R. SPEAKER: Mr. Chairman, my question is with regard to the statement of changes in the financial position on page 33, specifically the \$8.3 million in the Canada investment division. I guess it must be a repayment of capital. Then on page 26 we note that \$244 million has come in as interest in 1983-84. First of all, where does the interest show up in the statement? Am I interpreting the \$8.3 million correctly?

MR. ROGERS: The \$8.3 million is maturity; in other words, they've matured. The net investment income is shown in Note 3 on page 37. The investment earnings of the Canada investment division investments for the year were \$244,134,000.

MR. R. SPEAKER: And that shows up in that statement under net income for the year?

MR. ROGERS: Right.

MR. R. SPEAKER: Okay.

MR. ROGERS: That's an elaboration on the net income shown in Statement B.

MR. R. SPEAKER: Have all the provinces or consumers of our funds under the Canada investment division met their requirements? Are they all up to date at the present time?

MR. ROGERS: Yes they are.

MR. R. SPEAKER: Thank you. That's all.

MR. CHAIRMAN: That concludes the speakers' list that I have. Would there be additional questions? Mr. Nelson.

MR. NELSON: Just one, Mr. Chairman. I'd just like to know from Mr. Rogers if his Recommendation No. 1 — and I think I asked this last year — with regard to retaining the independent services of an investment analyst has ever come to fruition.

MR. ROGERS: No, but a similar type of comparison is made internally by Treasury. We have a situation similar to the one I referred to with capital projects. It's really a matter of the government's and management's decision as to whether or not that information should be made available to the Assembly. That was really the point at issue. But while they're not employing an external consultant, they have obtained a data base from a leading organization in the investment industry and make their own comparisons to that data base, which really substantially achieves the same end result as my recommendation, only by a different way.

MR. CHAIRMAN: Would there be additional questions? Mr. Gogo.

MR. GOGO: Thank you, Mr. Chairman. Mr. Rogers, I posed some questions to you a year ago in Public Accounts, that relate somewhat to this, dealing with the qualification of auditors who audit the various aspects of government, government-held agencies, and the Heritage Savings Trust Fund. It touched on the area of certified general accountants. You stated at that time that you did have a little trouble having agents who are not CAs, but as long as they were qualified and had experience you had no objection. Does your position still stand with regard to auditors auditing aspects of the heritage fund?

MR. ROGERS: Mr. Chairman, of course by statute I'm the Auditor of all provincial agencies, but reliance is placed on the work of other auditors in certain instances. To be realistic, I think one has to look at the individual background and experience of individuals. I really don't know of any group other than CAs that are trained as auditors. As you know, the basic training of a chartered accountant is as an auditor. You can't be a chartered accountant unless you've been an auditor. Other individuals who may be CGAs or RIAs may have had some experience in a CA's office, but usually this experience is as a technician, helping on audits. Sometimes those people, because of their own personal attributes, get to be good auditors. If those people then go out and hang up a shingle, as they can in Alberta, their work is of the same calibre as a chartered accountant because it becomes a very personal thing. That's really as far as I can go, because my knowledge obviously is that of a chartered accountant.

MR. GOGO: Mr. Rogers, the reason I raise it is that in other jurisdictions, other provinces, they're not only on the statute books but they're reactive with auditing government agencies and departments. I simply wanted to put that question in anticipation for what may come around in the fall session. Thank you very much.

MR. CHAIRMAN: Would there be additional questions from members of the committee?

MR. R. SPEAKER: Mr. Chairman, a follow-up to my questions on the Canada investment division. This is maybe more for the record than anything else. Are the interest rates on the loans to other provinces all fixed interest rates, in terms of the contracts?

MR. ROGERS: Yes.

MR. R. SPEAKER: Are there any that are variable?

MR. ROGERS: Because of the timing, of what interest rates were when loans were granted, there is quite a discrepancy, if you will. As I said, the prevailing rate at the time a loan is granted can be quite a range. But yes, they are fixed interest rates.

MR. R. SPEAKER: But they're not listed in the report as such.

MR. ROGERS: On page 39 there is a note that says: Debentures bear interest rates from 9.50% to 17.75% with maturity dates from December 19, 1984 to July 15, 2005.

Those percentages and the dates are to give the idea that there's quite a broad spectrum. Of course the rate and the length of time depend on each debenture contract.

MR. R. SPEAKER: The second question with regard to that: is the collateral for those respective loans the Treasury of other provinces or the assets of other provinces? Is that the collateral we're considering?

MR. ROGERS: Yes, and the credit rating and their guarantee, in effect.

MR. R. SPEAKER: Fine, that's all I really wanted, Mr. Chairman.

MR. COOK: With the exception of Hydro-Quebec, which functions separately.

MR. ROGERS: Is that not guaranteed by the province of Quebec?

MR. COOK: It has separate status that is quite unique. I think this was raised during an election campaign once before when there was some suggestion that the loan to Quebec was in effect subsidizing farm rates. The distinction has to be made that it's not the same.

MR. R. SPEAKER: The question becomes more relevant [inaudible].

MR. COOK: I think we have a closet COR representative here.

MR. ZIP: Mr. Chairman, I was just wondering why in some instances cost is used and in other instances market value is used. In schedule 5 we're looking at a cost value of \$199,155,000 for commercial investment division investments instead of the market value which is considerably higher, \$274,953,000. Then you look at marketable

securities, and the thing is reversed: market value is shown instead of cost; \$807,760,000 is used instead of \$865,264,000.

MR. ROGERS: Where the objective of the investment is long term, to hold for a long period, then to value it at a point in time is not meaningful. However, as in the case of section 10 investments, where you have securities that are subject to be turned into cash on April 1 or any date thereafter, then it becomes more important that they be stated at the lower of cost or market, because the relationship between cost and market, as you know, is fluctuating. That is standard practice for pension funds or any portfolio where the objective is to hold the investment; they are valued at cost. That is the case in these other divisions.

MR. ZIP: So you're using the same type of criteria as you do with . . .

MR. ROGERS: [Inaudible] is back to parity on an ongoing basis so that when the payment date comes due, it's worth the book value at that time.

MR. ZIP: In other words, this really reflects a very conservative approach towards evaluating the assets of the entire fund.

MR. ROGERS: Yes, I would say so. Small "c" conservative.

MR. NELSON: It isn't progressive.

MR. ZIP: Thank you very much.

MR. CHAIRMAN: Would there be additional questions forthcoming from members of the committee?

If not, Mr. Rogers, to yourself and the two gentlemen with you, thank you very much. We'll look forward to meeting with you again one year hence, if all goes well. Thank you very much.

MR. ROGERS: Thank you very much, Mr. Chairman and the committee.

MR. CHAIRMAN: Members of the committee, tomorrow morning we'll be meeting at 10 o'clock, and we'll have appearing before us two representatives, or perhaps even more, of the Alberta Heritage Foundation for Medical Research. Last week I circulated to all members of the committee a copy of the triennial report of that particular foundation. You should all have it.

You will note from your schedules that next week we will have three meetings: one on Monday with the Hon. Al Adair, Minister of Tourism and Small Business; on Tuesday, the Hon. John Zaozirny, Minister of Energy and Natural Resources; on Wednesday morning we'll have the Hon. Don Sparrow, Associate Minister of Public Lands and Wildlife, and we will also begin the consideration of recommendations. So if members have any recommendations they want to introduce at that time, it would be appropriate.

Last week I indicated as well that if there was interest by committee members in visiting Kananaskis Country on a one-day tour, they should

indicate that interest to Miss Conroy. To this point in time, I believe some five members have indicated their interest in this. Perhaps if other members still haven't had a chance to look at that, if you might do so by tomorrow it would be helpful. Then we could initiate the final planning on this particular project.

Would there be additional business that committee members want to raise? Fine. I bid you all adieu until tomorrow morning.

[The committee adjourned at 3:56 p.m.]

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