

[Chairman: Mr. Oldring]

[2 p.m.]

MR. CHAIRMAN: Good afternoon, everyone. Welcome to another meeting of the Alberta Heritage Savings Trust Fund. We'll reconvene with discussion of recommendations. In light of the absence of the Member for Calgary-Buffalo perhaps we can press on and begin with recommendation 33. I would draw to the committee's attention that there is one typographical error as shown on page 6. It should read:

that the commercial investment division [ceiling] on maximum investment be increased to 10 percent of the Heritage Savings Trust Fund

as opposed to "calling". If you can all note that one change, I'll then recognize the Member for Pincher Creek-Crowsnest.

MR. GOGO: Mr. Chairman, could you give me the number again? I'm sorry.

MR. CHAIRMAN: Recommendation 33.

MR. BRADLEY: Well, Mr. Chairman, thank you. We had plenty of discussion this morning on Mr. Nelson's recommendation 20. This is similar to it, except that I'm being cautious and suggesting that there be a 10 percent ceiling placed on the commercial investment division. Currently, the level of investment that the investment committee has put into the commercial investment division has been some \$200 million, with the ability to reinvest any earnings from the commercial investment division. I'm suggesting that that should be expanded up to 10 percent of the Heritage Savings Trust Fund, and I say that's cautious because personally I feel that the fund could earn a long-term higher rate of return if we had more than 10 percent of the Heritage Savings Trust Fund in the commercial investment division. But I recognize that perhaps there has been some caution expressed and that we should move slowly in this direction, but we should try to have a greater amount of the fund in equities. This is the thrust of my recommendation, following up on Mr. Nelson's recommendation 20 but putting a limit on the size of the commercial investment division at this point of being up to 10 percent of the Heritage Savings Trust Fund.

MR. CHAIRMAN: Thank you. Any other members? The Member for Edmonton-Kingsway.

MR. McEACHERN: Yes. Just briefly, Mr. Chairman, I'm not sure that doubling the percentage from 5 to 10 percent is being all that cautious -- 10 percent of the heritage trust fund. If we consider the whole of the heritage trust fund including the deemed assets, which seems to be the standard measure, then we're talking 10 percent of some \$15 billion-odd, according to the book value. So we're only talking about \$1.5 billion here, which would be a considerable increase from the present. I think the original investment on the present commercial investment division was \$232 million invested at book value. There's talk that it's now around \$400 million in value. That's not exactly a cautious increase, I might say. Five to 10 doesn't sound like much, but when you're talking the numbers of dollars here, it's quite a lot.

MR. CHAIRMAN: Thank you. Any further discussion on that recommendation? If not, we'll move on, then, to recommendation 34. Again, the Chair would recognize the Member for Pincher Creek-Crowsnest.

MR. BRADLEY: Well, Mr. Chairman, again this relates to Mr. Nelson's recommendation 20. We had a lot of discussion this morning. What I'm suggesting is that if we move in the direction of foreign investment and foreign equities, we have some limitation on the percentage of the commercial investment division that may be invested in foreign equities of 25 percent. It could be higher, 30 percent, but I've suggested 25 percent as giving an opportunity to at least initially give us some experience with foreign equities before we expand it at perhaps beyond that.

MR. CHAIRMAN: Thank you. Any further discussion on recommendation 34?

MR. McEACHERN: The caution would be similar on this one to the other one: 25 percent maybe doesn't sound like very much, but 25 percent of \$15 billion is \$375 million. That's a fair whack of money. That would be more than what is presently invested in the present commercial division fund.

MR. GOGO: I wanted to ask you a question, hon. Member for Pincher Creek-Crowsnest. My understanding now is that the limit is 5 percent of the fund, about \$750 million, hon member. What you're saying is 25 percent of that, \$175 million. Is that roughly what you're talking about?

MR. BRADLEY: Well, this would just be saying, regardless of whether you accept recommendation 33 or not, that some 25 percent of the commercial investment division, however it's structured, could be invested in foreign equities and bonds.

MR. GOGO: Well, Mr. Chairman, I'm uncomfortable with that. As you know, motion 9 -- as I feel, the equity position of the fund could be increased by purchasing more stocks in Canadian corporations. Now, there might appear to be a conflict in the two. You know, I meant to ask Mr. Bradley. He included the United States of America, I assume, as foreign. I assume that although they're our best friends, somehow they're foreigners or aliens. But I think we should have a stronger position in Canadian common stocks before we have an increased position in foreign equities and bonds. I guess the final comment would be a question again to Mr. Bradley: by definition, are you saying foreign is German, Japanese, et cetera, anything other than Canadian, Mr. Bradley?

MR. BRADLEY: Mr. Chairman, yes, I believe that we should not tie ourselves. If we're looking at international equities, we don't just limit ourselves to the United States. I would leave that to our investment managers. Right now the stricture that is on the commercial investment division is that it must be in Canadian stocks. The Treasurer himself, when he appeared before the committee, said he would welcome a recommendation that we move into other than Canadian stocks, get into foreign equities. I thought in putting forward this motion that perhaps there should be some limit on that and not leave it wide open but leave some ability -- and I'm saying up to 25 percent -- so we leave that at the discretion of the money managers. But they could not exceed 25 percent of the commercial investment division in terms of these foreign equities.

MR. CHAIRMAN: Thank you.  
The Member for Calgary-McCall.

MR. NELSON: Mr. Chairman, I'm surprised I didn't hear the message that this was not a well thought out motion also, considering it was similar to the one I put this morning, by the members opposite.

In any event, Mr. Chairman, I certainly would support these types of motions. I think, again, that we have to enhance the opportunities for revenue into this fund. There is no question whatsoever that unless we enhance the investment opportunities and the revenue generated into this fund, with inflation and other things that are going to happen, this fund will devalue itself. I cannot stress too much. I'm sure most members who have their heads screwed on correctly agree that the inflationary spiral that can happen to these kinds of funds will depreciate the real value. It's necessary for us to give the Treasurer and the experts the most opportunities they can find to increase the opportunities that are available for investments to this fund. I can't stress that too much, that we have to give them that flexibility by making these types of recommendations.

MR. CHAIRMAN: Thank you.

The Member for Edmonton-Kingsway.

MR. McEACHERN: Well, taking these two together, they are certainly dealing with the same subject as number 9 and, I think you said, number 20 before by Mr. Nelson. I did at that time lay out some particular problems, so maybe I would just reiterate them in sort of three quick points.

It seems to me that the problem with the thrust of these two recommendations is that right now is not a good time to expand into international money markets and equities of any kind, that the stock market is very jittery right now, and that's not the way to use taxpayers' dollars. To put money into foreign equities when you can put them into Canadian or Alberta equities loses us two opportunities. One, when we invest in our own corporations, we can not only make a profit from those corporations, we also get to use the dollars for job creation and the use of our own resources. So you get a double whammy for the same kind of investment that you would get compared to investing in a foreign corporation. The third point is that you could direct those toward industries which you think need increased capital to help with diversification.

So at this stage, when I think that the fund is certainly being balanced by a big deficit on the general revenue side, we should be looking to what we most want out of the fund. I would opt for a diversification package at this stage more so than a savings function or an incomes function to offset deficit. I think that that time, in a way, has gone by, and we should at this stage be looking to recouping some diversification function out of this heritage trust fund.

MR. CHAIRMAN: Thank you.

Any further discussion, then, on recommendation 34?

MR. McEACHERN: Could I just add one further point on this subject area? I was anticipating that we would get the Treasurer back, and if we don't, I might be inclined to put forward a recommendation myself of something in this area tomorrow morning, perhaps, if it was indicated by the Chairman that we are not going to get the Treasurer back; or if we are, perhaps he could enlighten us when.

MR. CHAIRMAN: Okay. At this point, no, we aren't going to be able to get the Treasurer back within the parameters of the

existing dates. So unless the committee is wanting to extend our time line even further, there won't be an opportunity to have either the Treasurer or the Minister of the Environment. Both have indicated a willingness to certainly meet with any of the trust fund members at a mutually convenient time to discuss any concerns or questions they might have, but in terms of being able to meet the short deadlines that we had, it just wasn't possible.

MR. McEACHERN: Would it be possible for this committee to have a meeting or two in the first week of February? I'm sorry; I'm changing directions. Perhaps we should leave it till the end of the meeting.

MR. CHAIRMAN: We can come back to that at the end; that's right.

The Member for Pincher Creek-Crowsnest.

MR. BRADLEY: I don't want to get into a repetitious argument, but since arguments have been put back on the record that were made earlier, I thought perhaps I should put some arguments on the record in favour of foreign equities, similar to what I said this morning. Mr. Geddes said the return on U.S. equities was 12 percent over a period of time when Canadian equities were only earning 10 percent, and the same arguments with regard to performance if our money was in, say, German or Japanese bonds: in terms of their falling dollar, how much better our investments could be protected at this time.

MR. CHAIRMAN: Thank you.

Any further discussion, then, on recommendation 34? If not, we'll move on to recommendation 35, and then we'll go back to recommendation 28.

MR. BRADLEY: Mr. Chairman, I note that this recommendation is similar to the one by the Member for Calgary-Mountain View in which he recommends the capital projects division ceiling on maximum investment be raised by 2 percent. I'm suggesting only to raise it at this time by 1 percent. Recognizing that we're moving up against the cap of 20 percent and given our ability to fund currently approved projects, in my judgment it's going to be necessary for us to move above the 20 percent if we are to fulfill the obligations we currently have under projects that are funded under the capital projects division; for example, the irrigation investments and others. So I believe we could do that by only increasing it by 1 percent at this time, and there may still be some flexibility there for some other smaller investments, increasing it by 1 percent. If you go to 2 percent, obviously you give yourself greater flexibility for new investments, but I'm not sure we want to get into that many new investments at this point in time. The thrust of my recommendation is only really to fulfill the current approved obligations under the capital projects division.

MR. CHAIRMAN: Thank you.

Any further discussion on recommendation 35? The Member for Edmonton-Kingsway.

MR. McEACHERN: Yes, just briefly, Mr. Chairman. The reason for the 2 percent was that we were anticipating a couple of new investments which we put forward at the same time as we put the suggestion of increase by 2 percent: the endowment fund for natural sciences and engineering research and the en-

dowment fund for social sciences and humanities research of \$100 million each. They would push the limit to the point that 1 percent would still leave you questionable as to whether or not you had quite enough, so we were suggesting a full 2 percent in order to accommodate those two major proposals, plus there is a third one that we have not debated yet in this committee, the one for \$75 million to a northern development project.

MR. CHAIRMAN: Thank you.

The Member for Calgary-McCall, followed by the Member for Calgary-Buffalo.

MR. NELSON: Mr. Chairman, I'll talk to this one and Calgary-Mountain View at the same time, I guess.

First of all, I have a difficulty in increasing the amount of moneys on a percentage basis provided by the fund to the capital projects division. I think at 20 percent is high enough. As time goes along and more moneys can be placed into this fund when we're through some of these economic difficulties we're experiencing, if you leave it at 20 percent, there will certainly become moneys available for other projects provided that is the direction the fund is desirous of going. But as soon as we start eating into the capital that is available presently for investment and reduce that capital, our investment opportunities lessen and the moneys available for programs from the income off those investments lessen, thereby reducing the amount of moneys available for people programs in the province.

If we reduce the income from those investments of the Heritage Savings Trust Fund to those people programs, what ultimately happens is that we have to go to the taxpayers and ask them for more money to pay for those programs or run deficit budgeting as, I think, many in the socialist part of the world would certainly consider acceptable. But we cannot continue to run deficit budgets. It's just not acceptable to the young people of today or tomorrow, when we shove our deficit onto the future income earners of this province or this country.

So to remove and reduce part of the investment ability of this fund just does not make any sense, in my view, based on the fact you will ultimately reduce the amount of revenue to the general revenue of the province during these economic difficulties. Certainly, as I've said, once the revenues of oil and gas have improved to the extent where we're able to again put revenue and capital back into the fund, there should then be moneys available to carry on and develop further the other activities. But I cannot put additional money into this capital projects division in this manner.

MR. CHUMIR: My view is that this capital projects fund should not be expanded to an amount beyond that needed to handle the projects which have already been approved. Many other worthy projects have been suggested. I'm particularly enthused about some of the scholarship programs, perhaps not in detail but in general concept. However, in my view, these are matters which should be considered outside the context of the Heritage Savings Trust Fund at this time. We should get back to the basics of diversification and savings which were the original foundation reasons for the Heritage Savings Trust Fund and which I'm going to be commenting on in more detail when I deal with the balance of my recommendations momentarily.

MR. CHAIRMAN: Thank you.

Maybe if I can just take a moment to welcome some guests in the members' gallery. With us this afternoon we have some

officers from the Canadian Forces Base at Penhold, and with them are 15 new recruits from the Northwest Territories who have just spent 30 days at Mynarski Park or Penhold base, which I might mention is in the sunny constituency of Red Deer-South. So on behalf of the committee, we certainly want to welcome you here this afternoon. The committee meeting this afternoon is the select standing committee on the Alberta Heritage Savings Trust Fund, and we're just presently reviewing recommendations that have been brought forward by the various members. Welcome to the Legislative Assembly. I might note that they're on their way to Cornwallis to complete their training down there, so good luck with your training down there as well.

I'd recognize the Member for Pincher Creek-Crowsnest.

MR. BRADLEY: Well, thank you, Mr. Chairman. I think we've heard all sides of the debate, and that's why my recommendation is here. It's to offer that flexibility. Either we stay with the ceiling at 20 percent and we see some of the projects which have become approved put on hold or not completed -- if we move with my recommendation, we'd see that flexibility given to move the capital projects division up to have those currently approved projects completed, or we go to the option that's been put forward to expand the capital projects division so that additional projects can be approved. So that's really where we're at. I know different members come from different points of view, but I wanted at least to have the opportunity for discussion here before us, because we can turn down recommendation 35 and the one by the Member for Calgary-Mountain View and in fact say we're going to stay with the 20 percent. So all the options are available to us when we come to voting.

MR. CHAIRMAN: Thank you.

The Member for Edmonton-Kingsway.

MR. McEACHERN: Yes, Mr. Chairman, a couple of points. I take it from some of the previous comments that some people don't see the deemed assets of the heritage trust fund as being assets of the fund, and I accept that. We've argued that they shouldn't be there. However, they have been included, and that's where we get our \$15 billion that we've been working with as a rough figure, and when we start talking about 20 percent, we're talking about 20 percent of that.

We put forward three recommendations, basically, that were new ones and would require the spending of \$375 million to fulfill, so that would require the ceiling being raised from 20 percent to 22 percent. We make no apologies for that. I think that you have to decide on the merit of the projects and where that money should come from. If you allow some artificial distinction like, well, the capital projects division mustn't be more than 20 percent of the fund and you can't do it for that reason, then that seems to me a bit frivolous and a bit silly, because there is no real reason that the capital projects be out of the heritage trust fund anyway. They are expenditures, and they could well be in the Assembly. In fact, we recognize that by deciding on them in the Assembly.

So it's a very artificial distinction to sort of say, "It should be 20, or it should be 22, or it shouldn't be more than this, and it shouldn't be that." The fact is that you've got to look at what dollars we've got and what needs to be done in this province. If you really think that diversification is important and fundamental research is important, these are really long-term investments, these two endowment funds particularly, that should pay off in the long run. As to mortgaging future generations, it would be

the future generations that will get to do the research and that will get to diversify the economy by having done that research, and we'll have a better life for it. It's a sound investment.

So I make no apology for suggesting that some of the reducing heritage trust capital be used for such worthy purposes, even if it requires that a higher percentage be put in the capital projects division.

MR. CHAIRMAN: Thank you.

The Member for Calgary-Mountain View.

MR. HAWKESWORTH: Well, Mr. Chairman, this particular recommendation may be voted down this particular year, but I believe that if the present policy is in place and stays in place over the next year or two, this committee is certainly going to have to approve this particular motion. By that I mean a policy in place whereby there are no additional renewable resource revenues flowing into the fund, so there's no new source of funding into the fund in that area. As well, a policy is in place that all the income earned by the fund is diverted into the General Revenue Fund of the province. So in essence, a cap has been created on any real growth in the dollar amounts of the Heritage Savings Trust Fund, so it's going to sit somewhere around \$15.3 billion this year and in the coming year and, unless that policy is changed, for the year following.

Now, if we look at the percentage of assets that are presently contained in the capital projects division, it's in the order of 18 percent. So we're approaching that 20 percent ceiling very, very quickly. In addition, commitments have been made. The Minister of the Environment presented to this committee information to show that he anticipates spending somewhere around \$41.5 million next year in the irrigation headworks and main irrigation systems improvement program. We find, for example, in the Agriculture department under irrigation rehabilitation and expansion in this current fiscal year, a \$30 million figure. The Minister of Agriculture didn't give us information to project that expenditure in future years, but let's assume a similar magnitude of investment will be requested next year just to maintain that ongoing program. If you look at a number of other projects within this division that are receiving funds this year and for which commitments are likely to be continued next year, it could well be in the order of \$100 million to \$150 million being requested next year, on top of what's presently being funded in this current fiscal year.

Well, if the overall assets of the fund are not increasing at all, we're very shortly going to be encroaching upon that 20 percent going into the capital projects division. We still haven't started to address the request made under the Alberta Heritage Foundation for Medical Research to perhaps top up or enrich that endowment fund. So whether this particular motion is approved this year, Mr. Chairman, it's highlighting for me a problem within the overall portfolio of this fund. It's one that perhaps does not require a decision this fiscal year, but it's certainly going to be upon us in the very near future.

I think perhaps Mr. Bradley is highlighting that for us in indicating that if we as a Legislature want to continue with the commitments that have already been made -- and one I didn't mention was universal rural private telephone line service, which I think is one that bears making reference to -- then inevitably we're going to be faced with this issue. That is, if the fund as a whole is going to have a cap placed on it, then something has to be done to address this 20 percent cap of the capital projects division. Now, if some of this expenditure can be diverted

from the trust fund into the general revenues or, on the other hand, if the commitments that have been made are to be reduced or somehow mitigated, that's another policy decision. If all the other factors remain the same, then sometime in the very near future this issue has to be dealt with.

MR. CHAIRMAN: Thank you.

We move on, then, to recommendation 36. I recognize the Member for Pincher Creek-Crowsnest.

MR. BRADLEY: Thank you, Mr. Chairman. Last year we passed a recommendation relating to investment in coal research transportation technologies. This is a follow-up to that motion and recommendation. Given the recent report of the inter-governmental secretariat to the action committee on low sulphur western coal to Ontario, we can now in a more focused sense look at some of the research that we may look at investing in to reduce the cost of transporting coal and improve our market positions in Ontario or in other international and offshore markets.

So there's a number of excellent recommendations in this intergovernmental secretariat report, and I think we should have the option and flexibility when making decisions in the future as to which projects to proceed with, that we have the option of funding some of these out of the Heritage Savings Trust Fund capital projects division. In particular, I can think of one initiative looking at developing new unit trains and railroad cars, a new generation of railroad car that could have a very dramatic effect in reducing the cost of transporting our coal. Since we have invested in grain cars in the past as a method of assisting our farming population in moving grain, it may be appropriate for us to look at that also in terms of the Heritage Savings Trust Fund.

MR. CHAIRMAN: Thank you.

The Member for Edmonton-Kingsway.

MR. McEACHERN: Yes. Perhaps more in terms of a question asking the Member for Pincher Creek-Crowsnest, I believe it is -- have I got that right? -- to elaborate, because I know of his great interest in this coal thing. It was something that was suggested -- you know, that we find ways to get western coal to Ontario -- by our party many years ago, and it's something that's catching on. My understanding of the main proposal coming out of the secretariat -- and I may be wrong on this, but that's why I'm asking -- was that somebody, and I'm not quite sure who, the federal government or the provincial government or a combination, came up with a hundred million dollars to continue research into ways to transport the coal.

I couldn't help thinking that that's an incredible amount of money for research. If it's set up as an endowment fund, then I guess I understand how it could be used. But if it was meant to be sort of spent on research, then that's an incredible amount of money. I couldn't help wondering if instead of spending it on research, one almost wouldn't be better to produce some box-cars, perhaps, and subsidize the transportation. It would subsidize the transportation of a heck of a pile of coal down east for a hundred million dollars. Could you catch me up on just what's going on there, please?

MR. BRADLEY: Well, you put me in a difficult position, because I'm not sure I can speak for the secretariat or the action committee. But the proposal, as I understand it, would be that there'd be initially \$15 million to \$20 million to work on the

various projects. This intergovernmental secretariat was made up of the provinces of Alberta, British Columbia, Saskatchewan, Ontario, and the federal government, plus input from industry officials and others as to what may be feasible projects to look at. So initially there'd be the \$15 million or \$20 million they're recommending and then \$80 million in actual demonstration or precommercial feasibility of these projects. That is the thrust to which they are moving. One of the ideas is a coal slurry pipeline. That is certainly one of the more expensive items, but it would also require the actual demonstration of the commercial feasibility of such.

So investments of this type would then give you the long-term ability to move our coal into these marketplaces, whether it would be Ontario or getting our coal to the west coast ports at a much greater reduced cost, which would give our coal an economic advantage. One can look at the idea of perhaps subsidizing coal, but once your hundred million dollars in subsidies is gone, there may be technological advances made by others in some other part of the world where you're just left way behind. Better to look at ways of making long-term improvements and reducing transportation costs by some of the different programs that are suggested in this report. I think they have merit. Obviously, they have not been agreed to by the various governments.

The members of the action committee now have to sit down and prioritize which particular projects they see themselves becoming involved in, and it's a combination of governments. Alberta may be the lead agency in one particular project, B.C. in another, Saskatchewan in another. So this is now before the action committee for their decision as to which projects they would proceed with. My recommendation is to give the flexibility, if there are projects out of this report that the government of Alberta wishes to proceed with, so that they'd have the flexibility of looking at the trust fund as a possible source of funding.

MR. CHAIRMAN: Thank you.

The Member for Lethbridge-West.

MR. GOGO: Mr. Chairman, I had a question to Mr. Bradley. Mr. Bradley, is it your understanding with regard to the free trade agreement recently signed by the Prime Minister that dollars spent even in subsidy form for the coal industry, as long as that coal is sold within Canada, would in no way infringe on the agreement that was signed, but that if any of that coal were to go south of the border, it would be in direct contravention of the free trade agreement?

MR. BRADLEY: I think the member should ask that question of the Minister of Energy.

MR. GOGO: Mr. Chairman, on that basis, then obviously the Member for Lethbridge-West would have to reserve his decision on whether to vote in favour of the motion by Mr. Bradley. I would think the onus, knowing Mr. Bradley's great interest in the coal industry -- he would have the answer to that question.

MR. BRADLEY: Well, my understanding -- let's limit it to my understanding -- is that the free trade agreement does not impact upon the shipments of coal within this country. So the scenario which you put forward I believe is accurate.

MR. CHAIRMAN: Thank you. Any further discussion?

If not, then we'll move on. [interjection] The Member for Calgary-Buffalo is not here right now, so we shall move on then to recommendation 45. I recognize the Member for Edmonton-Kingsway.

MR. McEACHERN: Well, thank you, Mr. Chairman. I did speak briefly to this motion as I compared it to motion 28, I believe it was, put forward by the Member for Calgary-Buffalo.

The reason for this recommendation -- and I alluded to it briefly before -- was that my feeling was that if the government cabinet didn't want to get into a thorough review of the fund and a public hearing sort of process to determine new directions for the fund, then the least they should have to do is put forward their own view of the fund. One way to get them to do that at least on a yearly basis -- and I think it's important to note that putting dollar figures on plans helps to make those plans pretty concrete and to think them out pretty thoroughly.

So what I'm suggesting here is that the cabinet committee, the investment committee of the heritage trust fund, submit to the Legislative Assembly a plan outlining in general and in detail its intentions for the Alberta Heritage Savings Trust Fund for each year as it comes up and that that plan would get a treatment similar to the general revenue budget plan in the Assembly: there would be full discussion in a general sort of way at first, then as much possible detail as one could do, recognizing that some parts of the fund would not have the amount of detail in them that we get in our budgets, that there would be some differences as well. It would seem to me that that would be a way for the investment committee to put their plan forward not only to the Assembly but to all Albertans, so then we would know what their intentions are with the fund. And it would be a good way for Albertans to have some input, through the members of the Assembly to the investment committee, to tell them whether we like or agree with those plans and what other suggestions we might have to add to or change those plans. So I hope the members of the committee would see it clear to support this.

One aspect of the heritage trust fund is already done that way. The capital projects division came before the committee, and we spent seven days debating \$140 million in expenditures of the investment committee for the heritage trust fund. So we've got the start there. Why don't we just take that idea for the whole of the heritage trust fund so that we know where we're going with it and what we're doing with it in the province of Alberta?

MR. CHAIRMAN: The Member for Lethbridge-West.

MR. GOGO: Thank you, Mr. Chairman. In some ways motion 45 is reminiscent of the hon. Member for Calgary-Buffalo, 1971 to 1979. I think it's been long established that the investment committee cannot, any more than the city council can, determine what it's going to do in terms of purchasing land a year in advance. What concerns and disturbs me -- maybe Mr. McEachern can respond when he closes debate on the issue -- are the words "in detail its intentions." For example, we're talking about the government, which is the investment committee, i.e. the Executive Council, "outlining in general." I have no trouble with that. But when you get into "detail its intentions," how specific are we going to be? If he says, "Look, you know, I'd be happy if the government said of the commercial investment division, being 5 percent and it's currently 1 or 1.5, it would be our intent to be at 3" -- if that's sufficient detail, fine.

And if of that 3 percent there's to be 80 percent of that in Canadian common stocks and the balance in debentures, fine; I have no trouble with that. But I do have trouble when I see the word "detail," because detail means to me exactly what the word implies. I don't see how that can be done without making this Legislative Assembly the investment committee of the Alberta Heritage Savings Trust Fund.

MR. BRADLEY: I think the Member for Lethbridge-West has pointed out some of the difficulties with the particular recommendation. If one were to substitute the consolidated cash investment fund of the province for the Heritage Savings Trust Fund, we don't currently put these types of parameters on the consolidated cash investment fund. There are obviously legislated parameters, as there are with the Heritage Savings Trust Fund, when you come to investment, and the expenditure from the fund obviously has come before this Assembly when we've made expenditure decisions. But investment decisions, I believe, are being appropriately handled, and the Member for Lethbridge-West has reflected upon past debates and some of the difficulties.

MR. CHAIRMAN: Thank you.

Any further discussion on this?

MR. McEACHERN: Well, let me give you an example. I realize that the word "detail" scares some people to a certain extent, and that you're sort of saying, "Well, he's going to have to, you know, dot every i and cross every t." Obviously, the different divisions would be treated somewhat differently. You could do a much more detailed analysis of expenditures under the capital projects division than you could on your intentions with the Alberta investment division or the cash and marketable securities section. So your point to some extent is well taken, but I wouldn't want you to throw the baby out with the bathwater.

For example, one of the things that prompts me to bring forward something of this sort is the handling of the cash and marketable securities section. It is now built up to some \$3 billion as of September 30, 1987, yet we have never heard any plans on the part of the government as to how they would use that section. It has, generally speaking, been in short-term notes, but somewhere back about the summer of '86 they started to use some portion of the cash and marketable securities section to purchase through the general revenue account and into the funds for the farm credit stability program and the small business term assistance Act. By September 30 they had spent \$600 million on that. Now, I don't recall seeing any authorization for that other than a statement -- I believe it was an order in council sometime in the spring -- in which they stated that somehow heritage trust fund moneys could be used for those two programs. But we were led to believe at that time that it would be small amounts of money used to administer the fund -- you know, basically covering the 2.375 percent -- and it was intended that the banks, generally speaking, would be putting that money into those programs and that the government would not be supplying most of the \$2 billion for the one program and the \$1.1 billion for the other program.

Even in November when we were debating whether or not we should use the heritage trust fund money for general revenue programs, the feeling of this committee and of every minister that came before it was that we must not touch the capital of the fund. Yet we'd already touched the capital of the fund to the tune of \$600 million two months earlier, and nobody ever told

us that. We never knew it until we got the quarterly statements sometime later. By December 31 it was \$1.5 billion, and we were totally surprised. I mean, there was nothing in the plans of the government prior to that that made it clear they intended to do that. They did not tell us what their intentions were. So we're left very much in the dark as an Assembly and as a committee as to what's going on with the fund.

Some of the expenditures, the payback of that \$1.6 billion that is now in those two programs, will not really be accounted for in public accounts until the spring of 1989; nowhere else will that show up. All we did was stick an IOU note into the heritage trust fund cash and marketable securities section on the assumption that to put in an IOU note is good enough to say that we haven't touched the capital of the fund and spent \$1.5 billion out of the fund on those two programs, which are long-term investment programs. "Well, we'll account for it in Public Accounts," like I said, "in the spring of 1989." I just don't think that's adequate; I think we need to do better than that. The government, if it isn't willing to have a public discussion about the direction of the fund given the incredible changearound in the revenues of this province, then the least they can do is year by year tell us what their general intentions are with the fund in a much more detailed way than they do now.

And I don't see why the word "detail" should put anyone off. If something can't be broken down -- if you're buying \$500 million worth of T-bills for six months, I mean you can only say that once, and there's the biggest part of the cash and marketable securities told. So the cash and marketable securities section might not look like a very long or detailed account. Maybe you don't want to call that "details," but it would be nice to know what the plans of the government are with the funds.

We don't even get to review, for example, the \$300 million in the endowment program as to where that's being invested or how it's being invested. There's no hint to this committee what the intentions are with that money or how it's invested, and we have to ask Mr. Geddes for a few comments. He gave us a few, but we don't have any numbers in front of us. We embarked on a discussion about where we should go and what we should do with that fund. He was suggesting an increase in the equities for that fund from 18 percent up to 40 percent. We don't even have the details of what's been going on, enough so that we can base our discussion and analysis on facts of what's happened.

So there is a very strong need for better and detailed reporting, which is sort of the next set of questions, but also for telling people what we intend to do with the fund. The government should be telling Albertans what they're going to do with the fund.

MR. CHAIRMAN: Thank you.

Moving on then to recommendation 40, I recognize the Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. Yes, this is a recommendation that the investment committee of the Heritage Savings Trust Fund seeks to require the return of \$150 million of the \$200 million Vencap Equities loan or the loan which it made to that company.

Now, when this loan was first made, the \$200 million was committed, that amount exceeded any other venture capital fund in Canada. Certainly it came close to exceeding all the venture capital funds that existed in Canada at the time, and there was, I think, a lot of concern expressed then and continues to be ex-

pressed that the amount of funding provided from the fund to this company was excessive, given what it needed to do the job expected of it. Since that funding was provided -- again, I don't have the annual report in front of me, and I'm at this point going from memory as I recall the discussion here in this committee meeting -- that amount has grown by approximately \$70 million. If I'm wrong on that, I will certainly correct the record later. So this company now has at its disposal, in the form of funds and investments made, nearly \$300 million, approximately \$270 million.

As well, I'm concerned about the pattern of the investments in this regard. The minimum contribution of equity that this company makes is in the order of a million dollars, and again if memory serves me correctly, there's something like a \$3 million average per investment in companies funded through Vencap. Now, if this fund were to recover \$150 million from Vencap, it would leave somewhere in the order of \$120 million at the disposal of this company. Given the pattern of investments of about an average of \$3 million per investment and with a funding of \$120 million, presumably, then, somewhere in the order of 40 companies, given the pattern of experience of Vencap investments, could be the recipients of venture capital from Vencap Equities.

Now, in looking at the operation of venture capital companies across Canada -- and I've mentioned in my questions to the minister -- looking at what an association of Canadian venture capital companies had indicated in a report in 1984, members of the board of directors of the venture capital company participated in approximately 91 percent of all the strategic planning decisions made by the recipient companies and usually by means of board representation. In fact, that's the model that most venture capital companies follow: to appoint someone to that board of the recipient company to oversee that investment.

If Vencap were to have \$120 million at its disposal and approximately 40 companies to oversee, that in my mind is about the maximum, and it seems to be about the maximum of the experience across Canada that any venture capital company could successfully manage. So as far as I can tell, \$150 million could be recovered from Vencap without in any way jeopardizing either present investments or their effectiveness as a venture capital company.

The other aspect of successful venture company enterprises -- again I'm drawing from this report which I had the opportunity to peruse briefly. The model that's most successful is that the venture capital financing is provided, directors are appointed to the board, the companies get established, and then the venture capital company exits and recovers their investment plus whatever profit they've realized on that investment. So if this company is doing successfully what it's supposed to be doing, then these companies should be financed, get off the ground, and then Vencap should exit, recover that funding, and then in a rotating fund sort of concept have money available for it to reinvest in new companies emerging. That's the pattern that's been successful. That's my understanding of how a venture capital company works successfully, and it seems to me that any evidence I've been able to find is that it would be able to do that mandate successfully and operate to the maximum of its effectiveness if it had somewhere in the order of the \$120 million I referred to. In fact, it could probably do a good job with considerably less than that, but given the kinds of demands that are also being put on the fund at this particular time, given the cap on the overall funding of the trust fund, the proposals for new investments, a \$150 million return to the fund at this time would

be in order and would be well advised.

On top of it, we're earning only about 4 percent per year compared to most of the other investments, which were highlighted in this fund report as being in excess -- far in excess -- of 4 percent. If we were simply to receive the \$150 million and invest it in any one of these other yielding forms of investment, it would be well in excess of 4 percent, and that money would accrue to a fund that needs it and could make good use of it. I've heard members already today talking about the deficit of the province: "Sadly, in future generations," and so on and so on and so on. Here's \$150 million which would generate a heck of a lot more of a return to the fund than 4 percent, which would answer and deal with some of those concerns that were raised earlier.

So for those reasons I would ask the committee to endorse this recommendation.

MR. CHAIRMAN: Thank you.

The Member for Lethbridge-West.

MR. GOGO: I had an observation and a quick question to Mr. Hawkesworth. Perhaps with what the Minister of Economic Development and Trade has said, and other members of the committee, that Vencap is not very active, it may become extremely active in the next short while. I don't know what's occurred to change the whole thrust of Vencap. But my question to Mr. Hawkesworth is -- I understand now that their money is invested in debentures and so on; Albertans who own it are receiving 12 percent interest. It's a technical question. I don't have the annual report here, but could Vencap Equities divest themselves of those holdings overnight? Are they locked in for a specified time with the debentures they bought? Are they cashable? In other words, could they convert \$150 million into cash on short notice?

MR. HAWKESWORTH: Well, Mr. Chairman, I asked the minister when he was here if he could tell me where those investments were held, and he said that that was information privy only to shareholders, that if I became a shareholder, then I could ask the company. But he felt that he was not able to provide that information to me. Whether he was aware of it or not, I don't know, but I asked the question, and I was not given the answer. I'm sorry I can't be any more precise. In fact, I'm just glancing through the *Hansard* transcript from that day. When I asked the minister about where that money might be invested, in what kinds of securities Vencap had placed that money, the minister said . . . I'll try and find it later, the exact quote, if the member would like that. He basically indicated that if I were a shareholder, I could get that information from the company, but that he wasn't either in a position or prepared to give that information to me.

MR. McEACHERN: I might just add a point. I was on a radio program somewhat debating the merits of Vencap with the chairman, Derek Mather. As usual, I found him very good and very knowledgeable, of course, and quite willing to share his information with us. I pointed out that the problem we had was not with him and what he was doing but that the government had given him the money and then sort of more or less turned him loose. They were setting parameters which we didn't think fulfilled the original commitment of the province in setting up the Vencap corporation, and our quarrel was with the lack of accountability on the part of the minister.

He did, however, give some information on the portfolio that might be of help. I asked him if we had lost any money in the stock markets, because I thought that some of that \$200 million might be in equities on the stock market. He said no, that it was not. So it was obviously in bonds and T-bills, that sort of thing, long-term debt instruments. How fast one could get them out is something we don't really know; that's problematic. But I think whether they could get them out in a couple of months or six months or a year, it's a direction that we would like to see the government move. Because certainly the \$50 million that would be left of taxpayers' money -- and by the way, that makes us a pretty strong shareholder, I think, and we should be able to get those kinds of answers in this committee -- along with the \$40 million they borrowed and the \$4 million they raised from their shareholders, would give them plenty of money, as my colleague said, to continue to operate as a venture capital company.

I would certainly like to . . . Well, I guess we'll leave that follow-up to the next recommendation.

MR. CHUMIR: I think Vencap is a good concept. One of the problems in venture capital involvement from the government perspective is how to make a market decision and ensure that a potful of money does not push a government entity into making imprudent investments. Vencap does have that benefit of having knowledgeable businesspeople making the investment on a commercial basis. But we in the Liberal Party have been critical for some time of some aspects of the Vencap structure. I think a very good point has been raised here; we've raised it before. And that is: why should this large chunk of money be sitting there unused and to the benefit of the shareholders? I think there was an error made in conception. If it was thought advisable to have \$200 million available for this company, it could have been made available on an as- and when-needed basis to be drawn upon. In the interval, we in the province could have benefited from the use.

One of the things that concerns me, however, at this stage is that shareholders of the company have made investments on the basis of that pot of money being there, and I would like to consider what implications it may have for the shareholders. Mechanically it seems to me that the government should be able to accomplish the substance of this resolution through the ultimate clout it has in being able to take over control of Vencap. Now, this is something that I don't think the province wants to do or should have any intention of doing, but its capacity to ultimately control should be a feature which would make realization of this resolution a real possibility. However, I couch and condition my support on an assessment of the fairness to existing shareholders. They have made investments on a certain assumption of facts. If they were to be seriously prejudiced in respect of that assumption of facts made by this government, then I would want to give a very serious second look to whether this is the best way to go.

MR. BRADLEY: Well, Mr. Chairman, it's always difficult when government becomes involved in venture capital financing. The Member for Calgary-Buffalo has hit one of the points right on the head, that this has to be arm's length from government and let a board of directors who are in the private sector make those market decisions. I was recently at a conference in Toronto looking at technology and innovation, and one of the subjects of discussion amongst senior business people across the country and research people and government officials was how in fact you do get venture capital out there and the difficulties

that governments face when they get involved themselves in making those market decisions. So it's much better for the market decisions to be made by the private sector, and the model of Vencap is, in my judgment, the way to go. It keeps the government out of making those market decisions. It keeps out the political context and accusations that can be made when government makes those decisions.

I think in terms of Vencap, although from time to time members have suggested some frustration with the rapidity or the rate at which Vencap has made investments, one has to look at this in the longer term. I think we have to give Vencap seven to eight years out there in the marketplace before we can really make these decisions as to whether or not they've been successful. So I'm not one that wants to prejudge them at this point in time. I think we have to give them sufficient time to see whether or not they've fulfilled that mandate or not, and I'm willing to wait patiently another three to five years.

MR. CHAIRMAN: Thank you.

Member for Edmonton-Kingsway.

MR. McEACHERN: Well, I realize it's sort of heading toward the next question more than this one; nonetheless, the comments just made by the two previous speakers, actually, but particularly the last one, I think require a response. You're talking about an arm's-length arrangement as being such a good arrangement. I guess I would say: well, what about the Treasurer in handling the portfolio for the medical research foundation then? Is there some automatic assumption that he's not doing a good job on that? Because he and a few investors that he has hired that we don't even know and can't find out what they're doing with it -- do we automatically assume they're doing a bad job because it's not an arm's-length arrangement? I don't think the arm's-length arrangement -- I mean, that expression is used a lot and far, far overplayed.

Out of the general revenue account, the Treasurer loaned \$10 million to Dome Petroleum unsecured. That was back in 1980 when Dome Petroleum looked like the winner of the century, so it was pretty hard to fault him for it, I suppose, although I'm a little surprised at the unsecured aspect of it. But the arm's-length thing is far overplayed when it's convenient and yet totally ignored when it's convenient. It seems to me that when you start playing around with a large amount of taxpayers' money, you should be very careful as to who you give it to and have some accountability for it. Really, that's basically what the next recommendation is about. I might have waited for that, because this recommendation didn't necessarily need to lead to that discussion.

MR. CHAIRMAN: Maybe that's a good note to lead into recommendation 41 on.

MR. HAWKESWORTH: Thank you, Mr. Chairman. [interjection] Sorry, Mr. Chairman.

Just before moving to item 41, I might just refer the Member for Lethbridge-West to the *Hansard* transcript of January 6, 1988, page 106, in terms of my discussion with the Minister of Economic Development and Trade on the question of the investments of Vencap Equities.

Recommendation 41, Mr. Chairman, is proposing to ensure a greater degree of accountability of the Vencap Equities investments in being answerable to the Legislature through the Minister of Economic Development and Trade. This is put forward

for a number of reasons. One, as previously alluded to: when asked for information on the pattern of investments other than venture capital investments of Vencap Equities Ltd., the minister was not able to give this committee that information, saying that it was not information he was privy to and it was not information that we should be privy to unless we were shareholders in that company. It seems to me that with \$200 million of trust funds made available to this company, we should be able to get better information, better responses than that.

This corporation was established some years ago with a mandate to make investments in manufacturing and high technology. In looking at the pattern of the investments in that time, it has strayed considerably from that original mandate. Only a small percentage of the investments made by Vencap have been in high technology and manufacturing. The majority of them have been made in areas of the economy in which Alberta has had traditional strengths. Again, it's different than the original mandate that was given to the company.

All I would say is that looking at the experience -- I don't feel I need to wait for another two or three years-- of this company, there's no mechanism to ensure that the original mandate of the company is being followed. The only way I could see that happening is to either have the minister appoint members to the board or else in some way set up a mechanism that requires some kind of accountability and reporting from that company to this Legislature. If that's something that the company itself can do with the minister in providing information to this committee and to the Legislature, that's fine, but it seems to me that the best way to ensure accountability is through a Crown corporation.

Thank you.

MR. CHAIRMAN: Member for Edmonton-Kingsway.

MR. McEACHERN: Yes, just to add a couple of points. Part of this resolution also says that there should be a "redefining" of "its purpose as originally intended; i.e., to diversify the... economy and create jobs." The chairman of the committee for Vencap did state -- I believe it was in 1985 -- that the purpose of his company was to make profits for the shareholders, and we take a dim view of that. I mean, we're not saying that the company shouldn't make profits. That should be its aim, of course, but its primary purpose was to encourage new corporations to get started. That was supposed to create jobs and to help to diversify the economy, and while those are not necessarily conflicting, they certainly are not necessarily totally compatible or coincidental purposes either.

The company has been allowed to go off and operate as a private company, as they claim they are and as they in fact are, and have set their purpose differently than originally intended. They've invested heavily in related oil industry, although not directly in drilling. They're not drilling for gas and oil; to that extent they're maintaining one of their early parameters. But they do heavily invest in the service industry around the oil industry, and that doesn't seem to me to be all that much of a diversification.

They also have too high an investment amount. You must want at least a million dollars capital before they'll talk to you, or so it would seem; there are three companies that have less. When the minister was before the committee, he talked a lot about AOC getting into the venture capital business, but that is far too small potatoes, and there's still going to be a big gap between the few dollars loaned by AOC and the bigger companies

that are operating under the Vencap mandate. We're still not going to really solve the problem of venture capital for small companies in this province by the mechanism we've set up, so it is time that the Alberta government really took responsibility for this corporation and brought it back to its original purpose and then was responsible for it in the House.

I just want to add for clarification purposes that when I was talking with Mr. Mather on the radio show I mentioned, he pointed out to me that I had made an error when I said that the original directors got interest-free loans to buy shares. He said no, it was not the directors; it was the management board that had been given the interest-free loans. So I stand corrected on that and acknowledged it on the air.

But we still feel we're on the right track with what should be done with Vencap if the government is to be responsible for the taxpayers' money in the way they should be.

MR. HERON: Mr. Chairman, there is a correction there. If the hon. member is willing to stand corrected, he should look at the list of investments, which clearly shows that there is not a minimum \$1 million involvement in any one investment, that Vencap is willing to look at viable proposals far below the \$1 million that he mentioned.

MR. McEACHERN: I did say there were three companies so far that have got loans below \$1 million.

MR. CHAIRMAN: Thank you. Any further discussion on this recommendation?

If not, then we'll revert back to recommendation 28. The Member for Calgary-Buffalo has spoken to this once already. Is any other member wanting to speak on 28 before we recognize the Member for Calgary-Buffalo to close debate?

MR. GOGO: I will simply advance the arguments that were advanced a moment ago, Mr. Chairman, in that it seems to me to be an affliction that occurs to those members of this august body who represent the riding of Calgary-Buffalo, regardless of who that person has been -- and not knowing prior to 1971, which was academic because we didn't have a heritage fund. But each time a new member, well qualified, supported strongly by constituents in the form of an election, reaches this Assembly, for whatever the reason, they must reinvent a system to show their dissatisfaction with the investment committee. And here we have another example: that all the decisions of the investment committee must be reviewed by the Legislative Assembly. I'm sure Mr. Chumir is in excellent company, following Mr. Ghitter, Mr. Sindlinger, Mr. Lee -- and now himself. I've grown accustomed each year in this committee to seeing the same resolution being put forward in some form or other, and I'd like to commend the hon. Member for Calgary-Buffalo and his predecessors for consistency.

MR. McEACHERN: I just want to add that I think there must be really something special, then, about the Calgary-Buffalo constituency, and I'd like to say that Edmonton-Kingsway just added a very similar recommendation, number 45, and I wholeheartedly concur with the direction he would like to go.

MR. CHUMIR: Well, I appreciate the recognition of the good sense that emanates from Calgary-Buffalo, and I wish the House and this committee had generally recognized that good sense in the past. We've failed to do that, and what do we find now?

Now we find the Provincial Treasurer coming before this committee and saying: "Gee, we've made a mistake all these many years. We should have been in foreign equities. We've been investing only in Canadian equities, and we could have gotten a better return." Well, I find that appalling.

On top of that, I would very much have liked to have seen the whole Legislature get an opportunity to debate the conundrum of why it is that trust funds which are supposed to be saved for future generations of this province and are supposed to have a savings quality in them are put into albeit socially worthwhile but risky causes in supporting Crown corporations. Why should our trust funds, which are set up for future generations, be put into the Alberta Mortgage and Housing Corporation, the Alberta Opportunity Company, and the Farm Credit Corporation, which have incurred losses in billions of dollars, which really robs our future generations, as opposed to taking that type of funding source from the current expenditures and general revenue, since it's the current generation that is benefiting from those?

Now, these are things that I think could very profitably have been debated by the whole Legislature. Had they been debated, who can tell what might have been, but perhaps we might have had some more sensible decisions. I think that's what my predecessors in Calgary-Buffalo very sensibly had in mind.

MR. GOGO: Mr. Chairman, if I could be permitted a very quick comment. It's very important, I think, for this committee to understand that the Provincial Treasurer is not the chairman of the investment committee. If the implication by Calgary-Buffalo is that the government of Alberta, through the chairman of that committee -- i.e., the Premier -- wants us to go into foreign securities, then he should say so. My understanding was that it was the Treasurer who made that suggestion. As far as I know at this time, he's not the Premier.

MR. NELSON: Mr. Chairman, I certainly don't totally disagree with regards to Alberta Mortgage and Housing and some of these other things, which we'll certainly have some debates on in the next little bit here and definitely this spring -- you can be assured of that. I do take objection to one thing, though, and that is when we suggest that when the Treasurer brings forward a new idea, there's been a mistake made over these many years.

First of all, I don't believe there's been a mistake made. I think the Treasurer has indicated that we now enhance the opportunities that we've developed over the years and commence a new investment area that will certainly give us other opportunities for revenue to this fund. So I don't take that as a mistake but as another person in a portfolio that has tremendous capacity for making good decisions. Certainly in his present portfolio his best interest is the taxpaying public of this province. Anything we can do to enhance that opportunity -- I think the Treasurer is fully taking an opportunity, not because there was a mistake made but a new opportunity.

MR. CHAIRMAN: Thank you.  
Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. I believe this recommendation highlights -- and reference has been made to the comment already -- that if this government is going to change its investment strategy to take money out of Canadian investments or Canadian securities or Canadian equities, because that's the only place they can take them out of, and put

them overseas and strengthen the economies of countries outside our borders, that's a very significant change in the investment strategy of this fund. That's the sort of thing that this Legislature as a whole should be debating. It shouldn't be simply left up to cabinet, the investment committee, to make a decision amongst themselves without any public input, without any reference to the elected officials of this province. I just think that to avoid making a wrong move, this is the kind of thing that really needs to be reviewed by the Legislature, and I concur.

MR. CHAIRMAN: Thank you. No further discussion? We'll then move on to recommendation 29.

I'd recognize the Member for Calgary-Buffalo.

MR. CHUMIR: Mr. Chairman, recommendations 29, 30, and 31 are a package of recommendations which were presented last year by myself to this House. They represent the direction that we in the Alberta Liberal caucus believe the fund should go. In one of my earlier recommendations I suggested that we need some overall public review. Our presentation here is not definitive and written in stone, but from what we've seen so far, this seems to make the best sense.

So I'd move on, then, to deal with 29, which states: that economic diversification be re-established as one of the primary objectives of the Alberta Heritage Savings Trust Fund. As I noted in my comments last year, I believe that we have drifted away from this objective. Indeed, the change in the legislation governing the fund in 1980 which changed the mandate from "strengthen and diversify" to "strengthen or diversify" is a reflection of the government's de-emphasis of diversification. Indeed, you have to strain to find 10 percent of the fund in diversification-oriented activities.

We think this is and was a valid goal, and we present this recommendation in conjunction with recommendation 30, which we'll get into momentarily, as representing our sense of where we should be heading for a portion of the fund.

Thank you.

MR. CHAIRMAN: Thank you.  
The Member for Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Chairman. The fund over the years has had several different objectives, and sometimes they are conflicting and sometimes they are compatible. It's one of the reasons, I think, for some of the confusion about the fund. One of the original purposes was supposed to be diversification. It certainly has been watered down; there's no doubt about that. Another one was that it was supposed to be a savings fund for a rainy day. We've had the rainy day, and yet we still try to claim that we've got \$12.7 billion in the heritage trust fund and all the debt's on the general revenue side. I am sure that the people that set our borrowing rates -- and they are good still -- look at the overall balance. The fact is that our general revenue deficit is somewhere in the neighbourhood of \$5 billion or \$6 billion, although we'll be a while catching up to actually accounting for that because the public accounts reports are always nearly a year late. And so at this stage, when we haven't got them yet, we're talking about a year and a half ago, before we get any hard figures to deal with.

Okay. There's diversification. There's a rainy day fund. There's a money-making, sort of try to generate all the revenue you can fund. There's a purpose, I mean, for the fund. There's a use-it-for-social-purposes fund -- social housing for seniors,

for example. And so it's really not much wonder that we've sort of got a little confused as to where we're going and we've ended up with rather a tangle to try to understand just what we've got and where it's going.

So I think that to re-establish at this stage, when the economic balance of the province has diminished as rapidly as it has in the last year and a half, we should at this stage stop and say: "What one or two things do we want this fund to do? What is the most essential thing for the fund to do?" And I don't think there's any doubt that diversification has got to be the option. When we look around and see that if we continue in the same direction for the next few years, we're not going to have very much left in the heritage trust fund -- or at least it'll be balanced by a big deficit on the general revenue side -- then we've got to say: "What funds have we got left? How much flexibility have we got left? What should we be doing with those funds?" And to go off and invest them on the Tokyo markets to see if we can't make a few bucks in a hurry does not really make an awful lot of sense.

We should put the funds to work in Canada, and particularly Alberta, to put Albertans and Canadians back to work, to use our resources. We can still make money doing that, so the fund can make a certain amount of money. But the main purpose should be diversification, and so I wholeheartedly agree with this particular recommendation. It should be, at this stage, the pre-eminent direction for the fund.

MR. CHUMIR: That's the kiss of death for the recommendation.

MR. McEACHERN: That's probably so, but that's tough. If the truth hurts and people can't face it and vote for it, that's not my problem.

MR. CHAIRMAN: Any further discussion on recommendation 29?

If not, then we'll move on to recommendation 30. I recognize the Member for Calgary-Buffalo.

MR. CHUMIR: Recommendation 30 reads:

That

- (1) an economic diversification fund should be created, whose mandate it would be to make debt and equity investments in an effort to actively encourage the creation of new businesses in Alberta, and
- (2) the economic diversification fund be administered by an economic diversification board, whose role it would be to advise the Legislative Assembly on a strategy to promote economic diversification in Alberta and to manage the moneys assigned to the economic diversification fund by the Legislative Assembly.

This is presented as a concept as to how the diversification ideal might be managed. Again, it's not writ in stone or presented as definitive; it's one model that seems to have some sense.

Let me state that in conception in my mind's eye I see the economic diversification fund consisting of experts who are knowledgeable in the area of business and able to make good decisions. There is no substitute for key people who have the expertise to make these good decisions, and our future prosperity depends on it. I must say that I am somewhat suspicious of the Crown corporation vehicle, which was suggested as the fate of Vencap. I've seen far too many examples in our history from province to province where such Crown corporations have had available money which has been used in a relatively imprudent manner.

My sense of how diversification would work would be that there should be some element of market discipline involved in decisions, to the extent that that is possible. It's not always possible when you're dealing with ideas that are of a pioneering nature, but to the extent that one can get that market discipline, that experience. We get private enterprise to be putting up some of their own capital as a reflection of their judgment that we're heading in the right direction. I think that all makes good sense.

MR. CHAIRMAN: Thank you. Any further discussion on recommendation 30? Member for Edmonton-Kingsway.

MR. McEACHERN: Just a couple of points. The particular technique here, I'm not sure how effective it would be; it's a little hard to tell from the proposal. And as to Crown corporations, yeah, they're sometimes quite effective and sometimes not so effective. I think it depends more on who is the government giving them the instructions, probably, than on anything else. I think the mechanism has proved to be quite successful at times in the past. Canada has certainly pioneered in that area, and over the years there have been some very effective ones. The particular technique is not something I need to at this stage debate at great length.

But I guess I'm wondering, Mr. Chairman. There's a number of resolutions we've been debating here where we haven't had any comment from the government side. I'm just wondering if we're going to get into a syndrome here whereby we go along and get an introduction of a resolution that sounds good, and we make a couple of points on it, and we don't get any con debate. We get some pro debate, and then we don't get any con debate. Yet when the time comes for voting, it's going to be one after the other just knocked down like tempins with no reasons given. I'm wondering if some of the members on the government side can't respond to some of these recommendations so that we at least have an idea what it is the government side feels is wrong with them, if there is something wrong with them. Just a question actually.

MR. CHAIRMAN: Thank you. Any further debate on recommendation 30?

MR. GOGO: Mr. Chairman, on a point of order, just so I'm clear by Mr. McEachern's comments. I presume -- I don't know how our agenda is really going -- that we'll be coming back another day to vote, at which time will we not be entitled to debate prior to the vote, or will we only be voting?

MR. CHAIRMAN: The process we adopted last year was to only vote on the recommendations at that time.

MR. GOGO: Well, Mr. Chairman, regarding number 30, you know, I don't have serious difficulties other than I believe it's being done now. There's some terminology being involved here, the principal factor being that the Member for Calgary-Buffalo is saying that the investment committee is not the best qualified to do this; that they should stand aside and have other people do it, that group being the economic diversification board.

Now, Mr. Chairman, I don't have any serious quarrel with that. However, I think it's putting the cart before the horse. I feel that motion 6 should be dealt with in an affirmative manner -- it was carried last year -- and that is: a review of where we're going; what do we want, what do Albertans want? And once we

meet in accordance with that motion, I think a lot of those questions would be answered.

I have no quarrel with Calgary-Buffalo in suggesting the changes he's making, other than I think we have to make a fundamental decision: what do we want from the fund? We're now gone 11 years. If we could get the government committed to doing that, it could well be that what Mr. Chumir is asking would be a result of that. I have no quarrel with that. But at this time I, frankly, cannot support it until we make some fundamental decisions such as: is the fund doing what Albertans want it to do, and is it going where Albertans want it to go? And those arguments will probably apply to motion 31.

MR. CHAIRMAN: Thank you.

Member for Edmonton-Kingsway.

MR. McEACHERN: Well, you see, we put forward motions last year for the review. We didn't get anywhere with it, and give Mr. Chumir 10 out of 10 for trying. He's putting forward some specific ideas to try to generate some discussion and debate on what that direction should be and what the reorganization of the fund, if any, should be. But we just went by number 28 a minute ago and number 45 of mine a few minutes ago, suggesting that the government have to put a plan before the Assembly and have it debated. Number 29 is also an important suggestion about the purpose of the fund.

So here we are, raising some fundamental ideas about the fund, and we're getting no feedback from the government side whatsoever. Yet I have a distinct feeling that we'll do like we did last year and knock down almost all of these resolutions with no comment when it comes time for voting.

So I'm just saying that . . . You know, I was at a meeting last night, and one of the members from the Department of Education, supporting and explaining Bill 59, stood before a group of people and said: "You know, it's easy for you to ask the minister questions. There's no problem. There's no trouble at all getting to the minister for questions." I just smiled to myself. It's not that easy. We're not getting an answer on any of these major points. The Treasurer was here. I asked three questions and didn't get back in in two hours, and he isn't coming again. Sure, he will meet me. When?

There are a lot of questions that we don't get to ask and a lot of ideas that we put forward that don't get answered. I'm just saying that somehow we're not really doing the job. If this committee isn't prepared to debate numbers 28, 29, and 30 -- and when I say 28, I'll throw in 45 as well, because it's very, very similar -- I guess it's just freeze up and hold tight and don't tell anybody anything, what your plans are. I just don't think that's acceptable. I think the members of the committee on the government side have an obligation to get involved in debates as important as this, or else why are we bothering?

MR. CHAIRMAN: Well, not wanting to instigate debate, I would only make this observation: I think that we have had a fairly balanced discussion on most of the recommendations that have come forward. Some have had more debate than others. Certainly there was some debate around recommendation 28, in both ways, that you just made reference to. But again, I don't think that's . . .

MR. McEACHERN: We didn't hear any con debate on it.

MR. CHAIRMAN: On recommendation 28?

MR. McEACHERN: No. Neither on number 28 nor number 45.

MR. CHAIRMAN: I think if you have a look at *Hansard*, you'll see that the Member for Lethbridge-West offered some con debate on both recommendations 28 and 45. But the Chair would recognize the Member for Calgary-McCall.

MR. NELSON: Well, Mr. Chairman, I don't think you should have to get into a debate with the member. I'm quite happy to do that for you. But I think the comment is unfair that the government members aren't getting into the debate. They certainly are participating very well. I think it's unfair that the member even wants to consider making snide remarks of that nature. I was thinking, if we want to get into a little contest, I guess we could do that too.

The situation, Mr. Chairman, is that these motions were discussed last year. Is it necessary for all of us to participate on the same motions that were brought forward here last year again this year? I don't think it is, quite frankly. And, quite frankly, I don't think it's necessary to discuss every motion that's on here, in the second place. Thirdly, I think most of us are intelligent enough to listen to the debate offered by the member that's putting forward an idea, to make a determination in our minds through our research or other manners that we have in determining whether a motion is in its proper place, and to deal with that motion at the appropriate time. So to suggest that we're not participating and that we should be debating is not a fair comment, and I don't accept that.

MR. CHAIRMAN: Well, perhaps. Again, I think it's probably more appropriate to get back to the recommendations in front of us. Those members who want to participate in the debate and the discussions, I'm sure they will, and I'm sure it'll be most welcomed. But I don't think it's appropriate to waste the limited time that we have as a committee on the item that's in front of us at this time.

The Member for Edmonton-Kingsway on recommendation 30.

MR. McEACHERN: I'll pass.

MR. CHAIRMAN: Thank you. Any further discussion, then, on recommendation 30? If not, then we'll move on to recommendation 31, and again I would recognize the Member for Calgary-Buffalo.

MR. CHUMIR: Mr. Chairman, I'm expecting strong support on voting day. Recommendation 31 reads:

That

- (1) the Alberta income fund should be created by pulling together the income earning assets of the Alberta Heritage Savings Trust Fund,
- (2) the Alberta income fund would integrate the income earning investments and assets currently part of the commercial investment division, the Canada investment division, the energy investment division, deposits and marketable securities, and the Alberta investment division,
- (3) an income fund investment board would be established whose role it would be to manage the Alberta income fund to maximize the return on investment,
- (4) the Alberta income fund should be managed by private firms within Alberta to encourage the development of management expertise in Alberta's investment management industry, and

- (5) private-sector investment firms would each be allocated a portion of the moneys included in the Alberta income fund, and would manage their portfolios of funds on a competitive basis.

I dealt with this fairly extensively last year, Mr. Chairman. Its intent is to re-establish one of the two primary initial goals of the heritage savings fund, that of savings. The investment board is an idea modeled on one utilized by the Alaska savings fund, which is similar to our heritage savings fund but which has a better investment record. The recommendation speaks for itself; it hollers out for support and acceptance. I hope that I will get that, Mr. Chairman.

Thank you.

MR. CHAIRMAN: Thank you.

The Member for Edmonton-Kingsway.

MR. McEACHERN: Just a question to the Member for Calgary-Buffalo. If he pulls all five of those divisions into this division, the income earning division, what is there left for the diversification fund except the deemed assets that are under the capital projects division? And so what would there be left to diversify the economy?

MR. CHUMIR: There would be out of this -- at the option of the Legislature a portion would be allocated to the economic diversification fund, pursuant to recommendation 30. That's inherent, and that's why the two of them, as I mentioned in my earlier comments, go together. The concept is: "Let's pull all of this stuff together." A portion, as discretion deems desirable, should be set aside for the diversification fund, and the rest in savings. I would think that as one goes along, if it was thought that more moneys could profitably be used in the diversification fund, it could be taken out of the savings fund. In fact, we could probably benefit from the Vencap mistake, and perhaps set up a discretionary amount in the diversification fund to be drawn out of the income fund, as and when needed, and then kept within the income fund or in maximum sums for future generations.

MR. CHAIRMAN: Thank you.

The Member for Pincher Creek-Crowsnest.

MR. BRADLEY: Well, Mr. Chairman, I wanted to wait and speak to 29, 30, and 31, because I think I'll address them at one time, given the amount of time we have, and I want to be as brief as I can.

As has been suggested earlier, we discussed these recommendations last year. Basically, 29 talks about diversification as being one of the objectives of the trust fund. It is, in fact, one of the objectives of the trust fund. I don't see why the wording is that it "be re-established." One of the objectives of the trust fund obviously is economic diversification.

Then recommendations 30 and 31 are basically a different packaging of exactly what is in the current Act. I just see it as being, as I say, a packaging of what, in fact, the mandate of the fund is right now. So I don't see that, other than some name changes, as being dramatically different.

There are some suggestions, though, that are different, and I wanted to discuss, particularly in 31, talking about "an income fund investment board." We've had a lot of discussion about the fund being answerable to the Legislature, et cetera, and some concerns have been expressed by some members about some aspects of the fund not being answerable to the Legisla-

ture, in their view, or answerable enough. If we were to set up an income fund investment board, then we're taking one step further away from the Legislature in terms of responsibility and accountability. I for one, looking at this, am comfortable with the current status quo in terms of the legislation and how the fund is operated. I'd hate to see us move with an income fund investment board, taking a lot of that responsibility for investment out of the hands of elected people, because currently that responsibility is with the investment committee, and they're answerable in this Legislature. An income fund investment board wouldn't be answerable in this Legislature in the way the current accountability of the fund is. So I'm satisfied to leave that responsibility and accountability with elected people.

MR. CHAIRMAN: Thank you.

The Member for Lethbridge-West.

MR. GOGO: Mr. Chairman, I submit we're going to be faced with a problem in motion 31 similar to what is perhaps anticipated in motion 12, and that is: where there's more than one part to a recommendation, indeed, some members of the committee may choose to support one part and not support another.

For example, on motion 31, which I partially spoke to on motion 30, I'm very supportive of (5). I've long believed that private-sector firms -- and there's been ample precedent for this -- should be given not only an opportunity but the challenge. There are many money management companies in the world today, Mr. Chairman, who choose five, six, and seven investment managers, and they allocate a portion of the resource to them to invest. It's done on a competitive basis, and those people are judged and paid on the basis of results. I'm sure Mr. Heron is well acquainted with that type of investment handling, as an investment manager. So (5) I support, where private-sector investment firms would be allocated a portion and compete, and depending on the results, they would be rewarded. They would be rewarded in direct proportion, of course, to the results of the fund.

So I just submit, Mr. Chairman, that Mr. Chumir's motion 31, which consists of five parts -- I'm supportive of part (5). I don't know how we're going to handle that on voting day, but I guess that's an issue we'll face at that time.

MR. CHAIRMAN: Thank you.

The Member for Calgary-Buffalo.

MR. CHUMIR: I just might say in response to the comments of Mr. Bradley that if he studies the legislative history and the history of the debates with respect to the heritage savings fund, he will find that, in fact, there has been a change and a drift away from diversification as one of the objectives. If he looks at my comments, which I set out quite extensively last year, in the transcript of our hearings -- that is at page [451] of the transcript of Wednesday, January 7, 1987, the afternoon session -- he will note my quotation of former Premier Lougheed in 1976, stating that:

The investments of the fund must meet both of two important challenges, and one was, in substance, the saving vehicle. In the second one, he said:

At the same time, it must be a vehicle for diversification and for strengthening our economy . . . It must do both. Subsequently, in 1980 in *Hansard* we find the Premier referring to diversification as being a laudable goal. But it is stating that

it is not the objective of the Heritage Savings Trust Fund when in that very same year, 1980, the Alberta Heritage Savings Trust Fund Act was amended and changed from having an objective of "strengthen and diversify" to "strengthen or diversify."

And what happened is that as they looked at what was happening in the Heritage Savings Trust Fund and what was wanted to happen, somebody said that technically this expenditure strengthens the economy but it doesn't diversify it, and we're in breach of the Alberta Heritage Savings Trust Fund Act. What they were really saying is that we've drifted away from one of those two primary goals, that of diversification.

That is very, very clear if you track it through, and I think you find it very, very clear if you look at the history of the investments that we have made. We have moved beyond diversification and investment and into other social objectives. I've said repeatedly: as laudable as they may be, I think we get ourselves into real management problems in keeping our eye on the ball as to where we want to go when you start mixing all of those objectives. That's why I think it makes sense to get back to the basic, initial principles that we had of savings and diversification, and then let's look to other sources of funding, the General Revenue Fund, and other means of satisfying whatever other social goals we have.

MR. CHAIRMAN: Thank you.

Member for Pincher Creek-Crowsnest.

MR. BRADLEY: Well, I hate to get back into the debate, given the time, but in page 4 of this year's annual report there are three objectives which are put forward. I would suggest that diversifying the economy is one of those, is one of the primary objectives. Page 4 of the annual report relates to that, and from that point of view I wonder why we're revisiting this question of re-establishment, when it has been clearly there that diversification is one of the objectives of the trust fund. But I don't want to continue this debate.

MR. CHUMIR: I might just add, for the benefit of the committee in truly understanding where we've been and where we're going, that yes, the annual report of the Heritage Savings Trust Fund Committee does state on page 4 of the latest report that one of the goals is "to strengthen and diversify Alberta's economy." I must point out that that's an anachronism. That is no longer what the heritage trust fund Act says. That was changed. That's an anachronism from the old days, and it's inaccurate. Our legislation now says it's to "strengthen or diversify," and if there is no difference, why the legislative change in 1980?

MR. CHAIRMAN: Any further discussion on recommendation 31? If not, then we'll move on to recommendation 32, and again I'll recognize the Member for Calgary-Buffalo.

MR. CHUMIR: Thank you. This recommendation reads:

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

A similar mandate is given to the Auditor General in respect of the federal Auditor General and in respect of his duties of auditing the federal government accounts. I think it makes a lot of sense to have some additional input in respect of whether or not we are getting value for our money and whether programs are

actually working in the intended manner from somebody such as the Auditor General, who is reviewing these things much more closely than we can ever expect to review them. Governments are obviously not receptive to criticism and comments from those who aren't elected representatives, but good government and good decision-making depends on that type of assessment: a contrary opinion and watchdogs barking from time to time. I think it would enhance the legislative process and decision-making if we did have that type of watchdog, and I would like to commend that approach to this committee.

MR. CHAIRMAN: Thank you.

The Member for Lethbridge-West.

MR. GOGO: Mr. Chairman, for some time we've heard that government is reluctant to act on various things. Here's a clear example in number 32, where the rights of a member of this Assembly are paramount. This is a statute we're referring to, and the hon. member could introduce a Bill in this House, amending the Auditor General Act. I don't think this has any place within a recommendation of this committee. The member can full well take his right as a member of this House and sponsor a Bill in the House amending the Auditor General Act to empower the Auditor General with whatever powers he wants.

MR. McEACHERN: We are members of the Legislature as members of this committee, and I don't see that there should be any problem with the recommendation as made by the Member for Calgary-Buffalo. In fact, it is very similar to one that my colleague from Calgary-Mountain View put forward, number 42.

That the mandate of the Auditor General be expanded to include suggestions for policy changes which he could suggest to improve government efficiency and accuracy of reporting to the people of Alberta.

We are, of course, talking here in terms of the heritage trust fund, because this is the heritage trust fund committee. I don't think there's any doubt that the degree to which the Auditor General was not prepared to answer some questions and the degree to which the committee tried to protect him from having to answer them makes his role only half as effective as it might be. If you look at what the Auditor General does at the federal level, or if you look at what the auditors do for the city of Edmonton, they are quite prepared to roast the government and say, "You shouldn't be doing it quite this way" or to praise them in areas where they are good. They make it very clear what they like and what they don't like.

This Auditor General was given a mandate that has, in effect, made him ineffective. He can give us a few numbers and sit there and answer a few questions, but he doesn't answer anything of substance or opinion, or offer how we should be able to make the whole reporting procedure more effective for the members of this committee and the people of Alberta, and that's just leaving off the second half of what should be his responsibility as a good citizen. Any citizen should use the knowledge they have and the understanding they have for the benefit of their fellow man. Here is a man with the expertise to give us a lot of good advice, and we tell him we don't want it. We tell him: "Keep quiet. Give us the books and don't tell us anything." And that's not acceptable.

MR. CHAIRMAN: Member for Calgary-Mountain View.

MR. HAWKESWORTH: That's fine, thank you.

MR. CHAIRMAN: Member for Calgary-Buffalo.

MR. CHUMIR: Well, as I understand Mr. Gogo's comment, this should be and could be presented by way of a Bill in the Legislature. I suppose the response to that is that many, if not most, of the recommendations that have been presented to this House could similarly be presented in the Legislature, and if that's an answer in itself to the merits of the recommendation, then we have no business being here. So I don't see that that really is a very valid argument.

MR. CHAIRMAN: Any further discussion on 32? If not, I don't believe that we're going to have time to move on to any further recommendations at this time, but perhaps the Member for Edmonton-Kingsway would like to read into the record a recommendation that he brought forward this morning.

MR. McEACHERN: Yes, there are a couple of them. Thank you. Actually one motion is put forward by Leo Piquette, and it is:

That medical research patent rights funded under the Alberta heritage medical research foundation be retained by the universities co-operating in the research.

I believe, by the way, the title there is a little bit backwards; it should be Alberta Heritage Foundation for Medical Research. So dealing with the patent rights of discoveries or inventions made by the medical foundation.

The second one was put forward by myself, Alex McEachern. It is:

That the Alberta Heritage Foundation for Medical Research put a high priority on research in the following three areas:

1. AIDS,
2. Medical ethics,
3. Geriatric medicine.

MR. CHAIRMAN: Thank you. Another matter that would be appropriate to spend the last couple of minutes on perhaps is that there are now 15 recommendations left for discussion. We do have a meeting scheduled tomorrow morning from 10 till 12 to discuss recommendations. As I indicated to the committee earlier, it wasn't possible for either the Treasurer or the Minister of the Environment to return on the dates that we have scheduled. I am now at the discretion of the committee on where we proceed from here.

MR. BRADLEY: Well, might I suggest -- although I will not be here tomorrow -- that it would be useful if we could conclude all our discussions and recommendations tomorrow and that maybe the members might consider starting at 9 o'clock to give us three full hours to get through it, so we won't have to then schedule another meeting to discuss recommendations. [interjection] I think we all have, in terms of timing.

MR. McEACHERN: I have a bit of a problem with that; I have an 8:30 meeting that goes till 9:45. So perhaps we could just say that we'll take an extra half hour if we need it.

But I can't help wondering if this committee would consider meeting in the first week of February on one or two days, if that would be convenient for the Treasurer and/or the Environment minister.

MR. CHAIRMAN: At the discretion of the committee. Mem-

ber for Cypress-Redcliff.

MR. HYLAND: Mr. Chairman, I don't know about other members, but I know some of them have the same commitments that I do. But the first week in February -- the first part of the week is pretty well booked up and the last part of the week the Conservative members have caucus. I don't think that would be a very good week for meetings.

MR. GOGO: Mr. Chairman, are we including within this a date on which we would vote on these recommendations? We've not made a decision, have we, at this point?

MR. CHAIRMAN: We haven't finalized the date for that. But again, recognizing that the committee chairman will have to draft the report, compile it, and have it ready to submit the first Monday of the spring session -- that will also require, of course, time for this committee to approve the final draft and also time to have it printed.

MR. GOGO: Well, Mr. Chairman, with that in mind, does the standing order say that it's 15 days within the opening of the House? Is that the standing order ruling, I believe, that the report must be tabled? Anyway, the trust fund Act states that.

Mr. Chairman, like Mr. Hyland, I have difficulties in February, the first week in February. Would the Chair entertain perhaps two days in March: the 6th and 7th, 7th and 8th? Or would that leave... I'm thinking of Mr. McEachern, who wanted the Treasurer here. That would probably prevent, I suppose, you in preparing the report, although we could hear the minister or two ministers on one day; for example, the 7th. We could then vote on the 8th as long as we would agree that it would be awkward to submit recommendations following that, I suppose; I don't know. But I would be available, you know, the 7th and 8th, those kinds of days, if the committee would feel that would allow you enough time following the voting to put the report together.

MR. CHUMIR: Speaking for Calgary-Buffalo, that would be acceptable.

MR. CHAIRMAN: The Chair would certainly appreciate it if we could move that ahead by at least a week, just to be safe. February 29 is a Monday, and March 1 would certainly...

MR. HERON: Mr. Chairman, I don't think the last proposal would give the Chair adequate time to write the report before the next sitting, which presumably, I say logically, would occur after the Olympics. So I would suggest that we've had good opportunity to examine the activities of the ministers before us, and we could drag this on and on. Some days, in fact, we adjourned early because all members of this committee exhausted their questions. So I would suggest that we move on through the recommendations and get on with voting, that given the time of the year and the fact that the Olympics are coming and many Albertans want to participate in them, we proceed from here. I think calling the Treasurer back and some of the other ministers would be just prolonging the activities of this committee unnecessarily and at quite an expense to the taxpayers of Alberta.

MR. McEACHERN: I would like to correct what the member just said. We never dismissed any of the ministers early that I can recall. If so, very, very few. Certainly the Treasurer and

the Minister of the Environment -- we had a number of questions to still ask at that stage. However, if you've given up on getting them back, then we should just set a date for voting, and I guess with the pressure the chairman has on his timetable, maybe we'd better not leave that till after the Olympics. Maybe we'd better pick a date fairly soon, like January 29, and get on with it. It's awkward; it's a Friday, and we're down in Calgary the 26th, 27th, 28th for a caucus meeting.

MR. HERON: Was that the 26th, 27th, 28th for caucus?

MR. McEACHERN: Yeah, in Calgary. We wouldn't be able to be here for one of those days, but the 29th might be acceptable.

MR. HERON: Well, Monday and Friday are open for me, Mr. Chairman. [interjections]

MR. CHAIRMAN: Well, I'm hearing from various members. I'm hearing some over here saying they won't be here Monday and others saying they won't be here Friday and others saying they won't be here Tuesday or Wednesday. Member for Calgary-Mountain View.

MR. HAWKESWORTH: Mr. Chairman, I think the Member for Lethbridge-West made a proposal for March 7 and 8. I think you had asked the committee whether the previous week would be equally acceptable, and that would help you with some of your problems. Perhaps March 1 or 2.

MR. HERON: Mr. Chairman, if we could do this on January 29 or January 25 or February 3, let's say, then that would give you and your resource people that extra two to three weeks before the session to properly prepare the report and good time to bring it back to this committee for approval. If we can pick one of those three dates to do our voting on, I think it would help everybody.

MR. CHAIRMAN: The 25th might be a little early, I think, for members to really have one final look at the recommendations we've just reviewed. I would hope that all of us will have an opportunity to look at them a little closer before voting. The 29th? I'm sure everyone will be at the Alberta Winter Games which are on in Red Deer that day. I know that nobody will want to miss that.

MR. McEACHERN: Couldn't everybody take a look at that first week of February? Is there not one day there that we could meet for a voting day?

MR. CHAIRMAN: What about Monday, February 8?

AN HON. MEMBER: Good day.

MR. HYLAND: Monday, February 8, the Members' Services meeting . . .

MR. CHAIRMAN: February 9.

AN HON. MEMBER: Good day.

MR. HYLAND: Members' Services meeting . . .

MR. CHAIRMAN: February 10.

AN HON. MEMBER: One of us is away.

MR. CHAIRMAN: February 12.

AN HON. MEMBER: Good day. [interjection]

MR. CHAIRMAN: The 1st is a problem. On the 2nd I would be available. I don't know how the 2nd is for other members.

MR. HYLAND: Mr. Chairman, what we're dealing with is not so much the problem with the voting -- that won't take the time -- but it's the discussion of the recommendations. If we finish them tomorrow, then we're probably only looking at one day versus two or three in a block. If we finish discussion tomorrow -- that's our main object, to finish the discussion -- then we can put whatever time in between we need to think about them, and I think the chairman can write the report in such a way as to leave the section of the recommendations that are passed and do that once they're passed. Is it possible to do it that way? Because the way things are filling up and with the Olympics and with a possible session, we all assume sometime in March after the Olympics, some of us would like to do a preessional tour in our own constituency so we could be back here again.

MR. CHAIRMAN: I don't think there'll be any time any easier than today to set a date, while the majority of us are here, for starters. And again, it has just been drawn to my attention that the report actually has to be tabled on the first Monday of the spring session according to Standing Orders.

MR. HYLAND: Does it say it has to be tabled? Can you get by with making a statement that the report has been prepared and at the printers or something like that?

MR. CHAIRMAN: Yeah.

MR. McEACHERN: If we're down to just one day of voting, I still thought February 2, the Tuesday, didn't really get very many protests. Could we just . . . I didn't think there was . . .

MR. CHAIRMAN: There's people in the back row all shaking their heads now.

MR. McEACHERN: I guess I didn't hear them, eh?

MR. CHAIRMAN: Yeah.  
Member for Lacombe.

MR. R. MOORE: Mr. Chairman, it's very evident we aren't going to settle it if we sit here till 6 o'clock; we're going around the wheel. But we're meeting tomorrow morning. Could you have somebody from your office contact each member's office, say what dates are you available, and then you make the majority pick?

MR. CHAIRMAN: Well, certainly that would be one alternative. It certainly creates a lot more phoning for me between now and tomorrow. [interjection] Pardon me?

MR. GOGO: We're right here.

MR. CHAIRMAN: We're right here now is right. Maybe if I can get members' co-operation . . .

Member for Stony Plain.

MR. HERON: Yes, Mr. Chairman. I would like to ask for the opinion of our NDP colleagues here in terms of those three days they've set aside for caucus. Would there be one morning in there that they would be flexible?

MR. McEACHERN: Unfortunately it's in Calgary, Jim.

MR. HERON: I see. Okay.

MR. McEACHERN: So it's a long way from here.

MR. CHAIRMAN: I'm going to call out some dates, and if you can't attend, raise your hand, okay? We can do it that way. We'll start with February 2. If you can't attend on February 2, please raise your hand. One, two. Okay. Just the two then that can't on February 2. [interjection] Oh, three. Okay, we've got to be on the ball here.

February 3? Four. That's worse yet. [interjection] Four just said no, so that one's out. I know the 4th and the 5th are out. February 8? One, two, three, four. Okay. February 9? Five. It's getting worse. February 10? Five.

AN HON. MEMBER: Well, you fellows going on holidays had better cancel a day of your holidays.

MR. CHAIRMAN: February 11? Four, five. February 12? Okay. Then we have the opening of the Olympics, so I trust that's not going to be a good week.

MR. R. MOORE: You missed the 29th. How many are going to be away on the 29th?

MR. CHAIRMAN: Well, the chairman was for sure, and the Member for Lethbridge-West and the Member for . . . [interjection] Okay. The 15th?

AN HON. MEMBER: The 15th of . . . ?

MR. CHAIRMAN: February. Three. The 22nd?

AN HON. MEMBER: Of February?

MR. CHAIRMAN: Yeah. Two. The 23rd? Three again. The 25th? The 26th? The 29th? Down to two on the 29th.

AN HON. MEMBER: We're talking February 29?

MR. CHAIRMAN: February 29.

MR. R. MOORE: That last 29th was the 29th of January?

MR. CHAIRMAN: Right. So February 29 we're only going to be missing two.

MR. McEACHERN: Mr. Chairman, I have a question. Would the committee be prepared to accept one vote by sheet? Do you think that's not legal under the rules?

MR. HERON: That's totally unacceptable. You can't vote by proxy in that . . .

MR. CHUMIR: What about January 29? How many are away? Is the chairman involved with the -- I understand . . .

MR. CHAIRMAN: On January 29 the chairman would be away, yes.

MR. CHUMIR: Is that definitively fatal?

MR. CHAIRMAN: No, but it wasn't just the chairman. There were three people that had their hands up. Who else is going to be away on the 29th? One, two, three, four.

MR. CHUMIR: I thought you might have been the only man in the regiment out of step, Mr. Chairman.

MR. CHAIRMAN: The chairman would never allow that to happen.

MR. HERON: Mr. Chairman, it appears February 29 is the best date. We're getting very, very late to the next session. But if you feel you can write the report . . .

MR. CHAIRMAN: March 1?

MR. HERON: . . . I would certainly make a motion that we set the voting for February 29.

MR. CHAIRMAN: March 1? We're down to one on March 1 then.

MR. CHUMIR: Did the chairman, might I ask, quiz the assembled multitude with respect to February 15, the opening day of the Olympics? I recall you saying "the Olympics" and I wasn't sure whether you slid over it, or did the poll . . . Was there a poll? Because that may . . .

MR. GOGO: March 1 sounds good.

AN HON. MEMBER: Did we try February 15?

MR. CHAIRMAN: Yes, we did.

MR. McEACHERN: There were some that only had three away.

MR. CHAIRMAN: We're down to one away on March 1. [interjections] March 1? If we do it the 2nd or the . . .

MR. R. MOORE: How about January 25?

MR. CHAIRMAN: January 25? It's a little early, we thought.

MR. R. MOORE: Maybe all those MLAs will work Saturday and Sunday and late Sunday night on it.

MR. CHAIRMAN: No. I think we're better off with March 1 -- March 1 is a Tuesday -- at 10 a.m. Thanks very much, everybody, for your indulgence on this and your co-operation. We stand adjourned until tomorrow morning at 10.

[The committee adjourned at 4:14 p.m.]

