

**Title: Tuesday, June 14, 2005 Heritage Savings Trust Fund Committee**

Date: 05/06/14

Time: 8:13 a.m.

[Mr. Liepert in the chair]

**The Chair:** I'll call the meeting to order. My name is Ron Liepert, and I'm the chairman of this committee. It's a pretty small committee this morning, as you can see.

What we will do first is we will go around the room and ask everyone if they would introduce themselves for the record. I'll start to my left with Karen.

**Mrs. Sawchuk:** Karen Sawchuk, committee clerk.

[The following members introduced themselves: Mr. Goudreau and Mr. Snelgrove]

**Mrs. McClellan:** Shirley McClellan, Drumheller-Chinook.

**Ms Sorensen:** Rhonda Sorensen, communications co-ordinator with the Clerk's office.

[The following departmental support staff introduced themselves: Mr. Berezowsky, Mr. Pappas, Mr. Parihar, and Mr. Stratton]

[The following staff of the Auditor General's office introduced themselves: Mr. Arklie and Mr. Dunn]

**The Chair:** Thank you. We do have a quorum; three members is a quorum.

All members should have received their package a week ago, so I need a motion to approve the agenda. I'm going to have to keep looking at two individuals here all morning. Which one of you would like to move it?

**Mr. Goudreau:** I'll move the agenda, Mr. Chairman.

**The Chair:** Thank you. Mr. Goudreau.

**Mr. Snelgrove:** I'll second that.

**The Chair:** Actually, we don't need seconders, so we're lucky there.

You all have copies of the minutes of our March 14 meeting. I need someone to move that the minutes be approved.

**Mr. Snelgrove:** I'd be happy to move that.

**The Chair:** Mr. Snelgrove. Approved?

We'll move on to item 4, which is Draft 2005 Alberta Heritage Savings Trust Fund Annual Report. This is draft only, and it is not for circulation until released by Alberta Finance at the end of June.

We are fortunate to have the minister with us this morning for a few minutes. Madam Minister, did you want to make any opening remarks?

**Mrs. McClellan:** Well, I could just make some comments on the heritage fund annual report. You're going to deal with that first, Mr. Chair?

**The Chair:** Yes.

**Mrs. McClellan:** Yeah. I could do that, and then I'll probably leave you when you're finished with that because I'm sure you don't need me.

**The Chair:** Unless we have any questions from the two members.

**Mrs. McClellan:** Right. Of course.

We're here really looking for approval of the report as it's laid out. This is a draft form. We'd like any changes that you might have to be, we hope, minimal because we are getting a little bit short of time. This was approved by the Endowment Fund Policy Committee about two weeks ago, and we do plan to release this with our statements before the end of the month.

I think the report is pretty self-explanatory if the members have had a chance to look at it. It closed out the year with a fair value of \$12.2 billion, compared to \$12.4 billion at the beginning of the year. Result of change over the year is \$174 million. We saw the world stock markets perform fairly well this year. The fund posted an overall rate of return of 7.7 per cent.

The report goes into detail on page 5 on the specifics of the results of the fund's investments. Canadian market, increase of 13.9 per cent. U.S. – of course, this is measured by the S&P 1500 index – grew by 7.2 per cent in U.S. dollars. The decline of the U.S. dollar, of course, resulted in a decrease in the value of the fund's U.S. equity investments when you transfer it into Canadian dollars. Markets outside of North America performed well, increasing by 6.2 per cent when measured in Canadian dollars. The fixed-income markets as measured by Scotia Capital bond universe index also delivered solid performance and returned 5 per cent.

There is a table on page 5 that shows you how markets performed this year compared to 2004, when we showed exceptionally strong returns. This reminds us how important it is to stay focused on the long term, because the table shows you just how volatile markets can be in the short term.

The strong returns on investment that we saw in the previous year continued, with the heritage fund recording a net income of \$1.09 billion for the fiscal year. There's a breakdown of that there.

The investment asset mix. Of course, the strategy is to invest in a diversified portfolio to optimize the long-term returns. I'm not going to go through all of them. You all can read; we know that.

The heritage fund's net income of \$1.09 billion will be transferred to the general revenue fund. To date \$1.03 billion has been transferred, and \$62 million remains payable.

As was noted at your committee's last meeting, one of the goals of the business plan is to preserve the real value of the heritage fund. Of course, our priority in the last years has been to pay off the debt rather than build up savings; in this case, the heritage fund. However, legislation does require us to inflation-proof the heritage fund once the debt is paid off. As is indicated in our budget, \$667 million will be retained within the heritage fund over the next three years to ensure that it's protected from inflation.

It will continue to be an important part of Alberta. Albertans will continue to benefit from the investment, and the government will continue to manage the fund in a manner that's endorsed by Albertans to ensure that it continues to benefit them, just like it has over the last 29 years. Hard for some of us to believe, at least for two of us sitting at this table, that it's been that long.

With that, I'll just end my comments.

**The Chair:** We have the Auditor General with us this morning. I would like to ask Mr. Dunn if he has any comments.

**Mr. Dunn:** Thank you, Mr. Chairman. As the minister mentioned, we did meet with the fund policy committee on May 27, and at that point we delivered the results of our audit. We reported to that committee that we'd received full co-operation and all the evidence and information we required to complete our audit and that it was

our position that we'll be rendering an audit opinion as described here in the draft report, which is a clean audit opinion with no qualification.

8:20

**The Chair:** Excellent. Thank you.

Before we let the minister leave, any questions from the members?

**Mr. Goudreau:** Mr. Chairman, to the minister. You've identified that we're to retain \$667 million over three years. I'm under the assumption, then, that that would happen if we have a surplus in our provincial budget.

**Mrs. McClellan:** It's built into our budget, so we will do it. We're legislatively required anyway, so our budget shows that as already in it.

**Mr. Goudreau:** Maybe a supplementary, Mr. Chairman: how do we arrive at \$667 million? Is that making assumptions?

**Mrs. McClellan:** It's a percentage per year of – well, it's inflation, CPI.

Jai, my expert.

**Mr. Goudreau:** We're anticipating a certain level of inflation. Is that it? So the \$667 million could change?

**Mr. Parihar:** Yeah. It's an estimate at this stage, and of course the actual will be calculated based on inflation numbers when we have them. Like the minister pointed out, this estimate is for the next three years and based on certain assumptions on the inflation.

**Mr. Snelgrove:** To the minister too, and maybe it's more of a conceptual question. Arising in the last meeting, there was a question about the ethical investment. I would like to turn that a little bit. What about the investment? When you look through the book, we're so highly invested in all other markets. We show the American market. We show all of the banks. Is there a way to trace, besides our endowments and the obvious benefit of the interest to Albertans, how our investment in markets affects Alberta? Particularly, I mean, we've got the Bank of Nova Scotia, the Toronto-Dominion Bank, and maybe this is touchy with Treasury Branch, but how do we get the money working not only as the end result but for the original investment? Do we trace that into Alberta industry?

**Mrs. McClellan:** Well, I'm going to let Jai take a larger swing at this because the investment division is charged with ensuring that we get the best return and invest in the safest investments with the best return. After all, these are public dollars. There's 5 per cent of the fund that is set aside for what you call private investment.

**Mr. Parihar:** Private equity.

**Mrs. McClellan:** Private equity investments. That isn't taken up, to a large extent. In fact, it's not even a third, I don't think. Close to a third.

**Mr. Parihar:** Yeah. That's right.

Mr. Chairman, if I can answer that question. The fund does not have a specific target to invest in Alberta, but the Alberta economy is strong, so we have as a part of our diversified portfolio a number of investments in Alberta, be it in the public market. Like the member pointed out, we invest in oil and gas companies because they are public companies. We invest in private equity. Some of

those private equity companies are in Alberta. We invest in Alberta real estate, be it office buildings or industrial or retail. So the number of investments are made based on the strength of the economy as part of our diversified portfolio, but there is no specific requirement of the fund to say that we have to invest X per cent in Alberta. It's done in the natural course of business.

**Mrs. McClellan:** Do you want me to ask the question for you? Could you specify?

**Mr. Parihar:** No. Not based on the current legislation. Current legislation requires us to invest money to generate the highest possible return with prudent risk, and it specifically says that you are not to invest on economic diversification criteria. The criteria have to be the best financial return the fund can earn.

**Mr. Snelgrove:** Well, then, rather than specify, could you identify a percentage of how much of the heritage fund, not specifically, is reinvested in Alberta? Would it be fair to say that 10 per cent, 15 per cent of our investments are in Alberta? Not that that's what you set out to do, but just because of the way business is, that's the amount that's in Alberta, so that your average Albertan can understand that of the \$12 billion, \$1 billion is invested in here. Is that possible?

**Mr. Parihar:** Mr. Chairman, if I can just explain a little bit here. If you just take a North American context – I'm not going to give the whole world – Canada is about a tenth the size of the U.S., and Alberta is about 12 per cent the size of Canada. If you look at those numbers, you would find that to invest more than a few per cent in Alberta, if you look at the total global context, would be too much. If you're looking for a broader investment diversification, 10 per cent would be too much. Like I said, Canada is only 2 per cent or 3 per cent of the total world, and if you look at Alberta, we are even smaller. So we really cannot have a bigger investment in Alberta just from a diversification point of view. But, like I said, we are in Alberta, we do invest in Alberta, and a number of investments have been made.

**The Chair:** Madam Minister, due to a conflict in scheduling, I had asked for this meeting to start at 8 a.m. versus the normal time of 8:30. My suspicion is that two of our members may have got the time wrong.

**Mrs. McClellan:** That's all right. I got the building wrong.

**The Chair:** If I could just take a moment and bring Mr. MacDonald and Mr. Rogers up to date on the agenda. We are currently under agenda item 4, which is reviewing the draft heritage savings trust fund annual report. The minister has briefly touched on some highlights. The Auditor General has made some brief comments, that he had no concerns, if I can say this, with the report. What we're now doing is just taking any general questions on either the draft report or the heritage savings trust fund investments in a general nature. The minister then has to leave, so I would ask that if either of you have any questions, now would be the time.

Mr. MacDonald, we also have item 5, I believe it is. Madam Minister, if we can just hold off on that for a moment. You did submit a memo on the social investing, and we'll come back to that under item 5. Beyond that, do either of you have any questions?

**Mr. Rogers:** Fine. Thank you, Mr. Chairman, and my apologies. Yes, I did mix up the times, counting on the usual 8:30.

**Mr. MacDonald:** Mr. Chairman, I have some questions at this time, please.

**The Chair:** Yes. Go ahead.

**Mr. MacDonald:** My first question would be on page 6 of the draft 2005 annual report, the transfers to the general revenue fund. I'm reading here that "the Government of Alberta financial statements are prepared on a consolidated basis, which eliminates the income the Heritage Fund earns from Alberta provincial corporation securities totaling \$16 million." Could I have the details, please, on that \$16 million?

**Mr. Parihar:** We can provide you the details. Dave Pappas can provide a general answer to you.

**Mr. Pappas:** Yes. If you turn to page 22 of the annual report, that \$16 million in investment income relates primarily to the provincial corporation debentures, which is in the first part of the table under Fixed Income Securities.

**Mr. MacDonald:** There's a significant difference here between \$16 million and the fair value.

8:30

**Mr. Pappas:** Well, the \$16 million would be the investment income or the interest income earned on this investment here of \$88 million cost and \$135 million at market value. So there is an investment in provincial corporation debentures that forms part of the investment portfolio.

**Mr. MacDonald:** And you will provide me the details?

**Mr. Pappas:** Sure. We can provide you details.

**Mr. Parihar:** Yeah. We can forward you the details.

**Mr. MacDonald:** I appreciate that.  
I have another question.

**The Chair:** I think you're the only one left, so carry on.

**Mr. MacDonald:** Okay. On page 13, Administrative Expenses, in the 2005 annual report fees charged by external managers are exclusive of administrative fees. Correct?

**Mr. Parihar:** These are the fees charged by our external fund managers. When we have part of our money invested by an outside, external manager, they charge a fee to the fund. So these are the fees.

**Mr. MacDonald:** I realize that, but is it excluded from this list of the administrative expense breakdown?

**Mr. Parihar:** The table includes everything.

**Mr. MacDonald:** It includes everything?

**Mr. Parihar:** Right.

**Mr. MacDonald:** Everything?

**Mr. Parihar:** Everything. Yes.

**Mr. MacDonald:** Okay.

Now, from page 14, Mr. Chairman, and referring back to page 28 and the fund equity and the scope of the Heritage Savings Trust Fund Act, under which the hon. minister operates, with all that included, including the adherence to the Fiscal Responsibility Act, is it possible to get a breakdown for the last 20 years of the size of the heritage savings trust fund now if it had been inflation-proofed and not all the money taken off and put into the general revenue fund, as is required by section 11?

**Mrs. McClellan:** You probably have a research department that could do that for you.

**Mr. MacDonald:** No, I do not.

**Mrs. McClellan:** Oh, you don't?

**Mr. MacDonald:** This is an all-party committee, right?

**Mrs. McClellan:** Yeah. I know. Oh, you don't have any capability in your office? We could do it. Boy, oh, boy, would it be a lot of work, and I'm not sure what the purpose for the committee is for going forward and inflation-proofing it according to the act. I'm just trying to understand why you would want that.

All you do is take the fund each year, for committee purposes – I'm trying to understand what value it would have to the committee, Hugh, seeing as you've reminded me that this is an all-party committee and this has not anything to do with our own personal interests. But if you want to take the fund value each year – and that's documented in annual reports – take the inflation for that year, and do the math, I suppose you'd have the very simple answer, and I suppose we could do that if that would be helpful. In fact, I could do that for you.

**Mr. MacDonald:** I would appreciate that. I think it's very important, as you have stated, now that we have the debt paid off, and maybe we should park more of our money in the hands of these people.

**Mrs. McClellan:** Well, we are inflation-proofing it. It's built into our budget over the next three years – \$667 million is what we anticipate – and we'll of course do the accounting at the end of each year and make sure that that's the right amount. But I'd be happy to do that for you.

**The Chair:** Thank you.

Before you move on, hon. member, we have on this issue Mr. Goudreau.

**Mr. Goudreau:** Mr. Chairman, you know, to go back in time and try to figure out what the value of the fund is is to me somewhat redundant. Certainly, there's legislation in place that we need to inflation-proof it after the debt is paid off.

I think we've all had some investments – some of us have had some investments; others have had mortgages – and as the minister has indicated, we can all go back and establish what we felt was a fair value of inflation on individual years. It seems to me that I could probably spend 15, 20 minutes and just extrapolate a few numbers and come out with a value of what the fund would have been had inflation been . . .

**The Chair:** I think the minister has committed to doing a, if I can use these terms, quick and dirty assessment of where we might be.

It would in no way, as I understand it, be scientific, but it would probably meet what the hon. member is asking for.

**Mrs. McClellan:** What I have suggested that we would do is take each year, the stated inflation numbers for that year, and if you had left those dollars in the fund, the next year you would add those inflation dollars into the total amount of the fund, and you would again do that. That's the way you'd go forward.

**The Chair:** That's my understanding, but I don't think there's a commitment to do anything more scientific beyond that.

**Mrs. McClellan:** No. If that's okay.

**The Chair:** Mr. MacDonald, carry on.

**Mr. MacDonald:** Yes. Thank you, Mr. Chairman. I appreciate this.

I have one more question or clarification, please, and that is on page 47. It's in regard to the Endowment Fund Policy Committee, and the hon. Minister of Finance is the chair, I see. What is the role of this committee? I'm looking through the draft report, and I couldn't get a satisfactory answer from that.

**Mrs. McClellan:** Well, the committee has been in place for some time, and it changes, obviously, from time to time. These are people who have expertise and knowledge in investment and monitor what we're doing. Jai will give you the terms of reference or whatever for the committee. I don't have it in front of me.

**Mr. Parihar:** I can answer that question, Mr. Chairman.

**The Chair:** Please go ahead.

**Mr. Parihar:** This committee is a committee which is responsible for recommending to the Minister of Finance the investment policy of the fund, the detailed investment policy. Of course, the all-party committee, which is this committee, approves the heritage fund business plan but then takes that business plan and prepares the operational investment policy, which then the management can implement. This committee makes the recommendation to the minister.

Also, this committee, the endowment fund policy committee, makes recommendations to the minister to approve the financial statements of not only the heritage fund but the other government endowment funds, like the medical research fund, the science and engineering fund, the scholarship fund, and so on.

**Mrs. McClellan:** Doug has a follow-up for you.

**The Chair:** Doug.

**Mr. Stratton:** Yes. Thank you. I also note that on page 2 of the annual report there's a governance section, and in there there's one paragraph that describes the endowment fund policy.

**Mr. MacDonald:** When was this policy committee created?

**Mr. Parihar:** It was about two years ago in the current form. This function was there for a number of years. There's also a committee called the Investment Operations Committee, which had this responsibility for a number of years. About two years ago that committee was split into two parts. One part was to create this endowment policy committee. The other one is still called the

Investment Operations Committee, which is basically a committee to oversee the operation of investment management. If our operation was a private operation, this would be similar to the board of directors of the investment operations. Of course, it's not; it's just a committee.

**Mr. MacDonald:** Okay. They report to the Minister of Finance?

**Mr. Parihar:** Both committees report to the Minister of Finance because they are just advisory committees to the minister.

**Mr. MacDonald:** Okay. Are any of their recommendations or their reports made public?

**Mr. Parihar:** The reports are not made public, but the minutes are there for those meetings. Like I said, one committee is actually chaired by the minister, another committee chaired by our deputy minister.

**8:40**

**Mr. MacDonald:** My next question, naturally, is: are those minutes made available to members of this committee?

**Mr. Parihar:** It's up to the minister.

**Mrs. McClellan:** I don't know why there would be a problem. We keep minutes.

**Mr. MacDonald:** I would appreciate having a look at them. This is a big fund, and I would like to study it and understand it.

**Mrs. McClellan:** Well, I want you to understand, though, again – and I think Doug had another comment – that this is an advisory committee. It advises us on investment policy, makes recommendations. It does not actually operate the fund in any way. I mean, I have no problem. I think the committee could ask the policy committee questions if they want or ask them for information. But I'm struggling to understand. Why don't we just come right out and find out what we really want to know here? I'm not sure you understand how the committee works.

**Mr. MacDonald:** I'm a new member on this committee.

**Mrs. McClellan:** Well, I'm a new minister in this portfolio, too, so I'm trying to understand what you want.

**Mr. MacDonald:** We're talking about in here on page 2: "to add private sector financial and business oversight." I would like to see how that's done, and I don't think this is an unusual or an unreasonable request.

**Mrs. McClellan:** Well, no, I don't either, but I'm not sure that the minutes of the meetings are going to provide you with that. It might be better to talk to the committee if you want.

**The Chair:** I'm listening to this, and it seems to me that, with all due respect, hon. member, this is an advisory committee that advises the minister on investment policy as it relates to the endowment fund. The minister is here today to answer any questions as it relates to the investments in the fund. That's really what we are tasked to do: to scrutinize the annual report and the investments that the heritage trust fund has been making for the past year.

With respect to minutes that come out of the meeting that may be looking at, let's say, longer term suggestions, I'm not sure that that is relevant to this committee as it sits today. I think that we are here to approve both the business plan and the draft annual report. If there are particular questions on that, we're here to answer them.

**Mrs. McClellan:** They would look at the fund performance from the private sector. These people have expertise in that area. They might discuss the mix of investment that you have and whether it's the appropriate mix in today's market, or they may recommend something else.

**Mr. Parihhar:** Mr. Chairman, if I can just supplement the answer. This committee, which you are a member of, ultimately is responsible for approving the financial statements. The EPC, the endowment policy committee, is simply an advisory committee to make recommendations. For example, if they recommended a significant change in the asset mix, that will come to this committee in the form of a business plan. So it's not that they can go and change the business plan approved by this committee in any material way.

**The Chair:** It is advisory by nature.

**Mrs. McClellan:** It's advisory. What we want to do, of course, is get the best performance of this fund, right?

**The Chair:** Absolutely.

**Mrs. McClellan:** I'm saying "we" here. It makes all kinds of sense to have external people who have expertise in this review our performance. I'm not afraid to have the private sector – in fact, I shouldn't say: not afraid. I think it's a good thing to have the private sector review the performance.

**The Chair:** But the final decisions on investment come back to this committee.

**Mrs. McClellan:** They're all here, as is this report. As we were saying at the outset, it would be our plan to release this report at the end of the month. I've asked the committee that if they have any changes to the report, let us know right away because we would like to get it printed.

**The Chair:** Okay.

Can we move on? Any other questions?

**Mr. MacDonald:** Well, I'm not satisfied with this. I'll go on the record to express my dissatisfaction. We're talking here about financial and business oversight. I think there's a difference between that and advice. I would have to say, just from reviewing this business plan and previous business plans, that this fund is very well run and year after year, with one notable exception, gets a good return to the taxpayers. But to call this a private-sector committee – three of the members including the chair are Members of the Legislative Assembly – I think is inaccurate. If there is oversight being provided and there is advice being given by this committee, it should be part of this report. If they're meeting quarterly – I'm sorry; that's my opinion.

**The Chair:** Okay. Your comments will be duly recorded in the minutes.

**Mrs. McClellan:** I think I can have advisory committees, and I think it's a good thing. Now, we disagree on that. I think that to have the private sector – and oversight is giving advice.

**The Chair:** And we'll record those comments.

**Mr. Snelgrove:** On this point I think it would be irresponsible to release minutes from a committee that is giving you financial information because we all know that information can be taken and twisted and turned and presented in whatever way you want.

Any time that you have business leaders, moneylenders giving you advice, that's simply what it is. I don't personally believe that we should want to know nor anyone should need to know what confidential advice is being given to a committee like this. I think you could seriously hurt investment opportunities. I would certainly think that if I were in that business, I would want to be very careful about my advice in the context it was given. I don't think there's any need or any reason, any logical explanation why you would release the minutes or the discussion until at least such time that any effect you may have on a financial market was long gone.

**Mrs. McClellan:** I'll take your advice.

**The Chair:** Okay. I'd like to move on. Do you have any other questions?

**Mr. MacDonald:** Just one more comment on this. The fund was created in 1976. The fund operated very, very well without this committee advising it. I'm sure that this committee has some unique expertise to offer, but I can't understand why – if we just created this committee in the last two years, members of this committee and members of the public and the taxpayers I think would be interested to know the role that this fund policy committee is playing now. It's quite evident that they weren't involved before. We had a good bang for our buck and return for our dollar. I don't think, again, it's unusual nor unreasonable.

**The Chair:** Okay. Your comments will be recorded. I would ask that the minister in subsequent appearances before this committee give us a brief overview of the kinds of general advice that she's receiving from this advisory committee and any other advisory committees that she has, and we would leave it at that.

Do we have any other questions?

8:50

**Mr. Rogers:** Just a comment, Mr. Chairman, and I realize that we don't want to belabour this point to death.

I think, Madam Minister, the problem that I'm hearing is maybe terminology. Also, you're looking for comments to this report that we might change. I would suggest to you that another look be taken at exactly what, in fact, this committee – and I would suggest to everyone around this table, you know, that just because we did something 15, 20 years ago and it was good, that doesn't mean we can't find better ways to do things today. If we have capable people – and I recognize some of these names of these private-sector individuals – that are making themselves available to provide advice to you and to the public of this province, that's a good thing. The term "oversight" tends to suggest maybe more than advice. Maybe if it's a terminology problem that we have, I would suggest that that terminology be cleared up because if this member is having this type of an issue in terms of understanding what the word actually means, maybe our public might have the same too.

**The Chair:** Okay. I would call for a motion that the Standing Committee on the Heritage Savings Trust Fund approve the annual report as distributed. Could I have a motion?

**Mr. Snelgrove:** Mr. Chairman, would that be the draft report?

**The Chair:** The draft report, yes.

**Mr. Snelgrove:** I so move.

**The Chair:** All right. That's been approved then. Everybody in favour?

**Mrs. McClellan:** We understand with that change.

**The Chair:** That's correct. Yes.

**Mrs. McClellan:** Perfect.

**The Chair:** Those opposed? Okay.

We'll move on to item 5. There has been a memo circulated as a result of some inquiries at the last meeting. Is there anything, Madam Minister, you want to add to the memo?

**Mrs. McClellan:** No.

**The Chair:** Any questions by anyone?

**Mr. MacDonald:** Mr. Chairman, I would just like to say that I appreciated receiving this information. I found it interesting to read. Thank you.

**The Chair:** Okay. This was an item for information only. We don't require any motion.

At this time, Madam Minister . . .

**Mrs. McClellan:** You're going to kick me out?

**The Chair:** . . . feel free to go on to other business.

We'll move on to agenda item 6. We have a brief report on the communications plan for the committee. I'll turn it over to Rhonda.

**Ms Sorensen:** Thank you, Mr. Chairman. The communications report is just a series of recommendations that we're giving to the committee to consider for this year. I'll just touch briefly on all of them.

The omnibus polling is something that we do to gauge what the public knows about the fund and what areas we might concentrate our strategies on. This past polling year, actually, we didn't have much input into due to the election. The omnibus polling happened at a time when this committee did not exist, so we are recommending that we do the omnibus polling again this year and have a little bit more input into the questions. My colleague here, Mike Berezowsky – I hope I pronounced that right – will be speaking a little bit further on the omnibus polling a little later on the agenda.

Probably the biggest strategy for this committee is the public meeting that we hold in a community in Alberta. The public meeting in 2004 was held in Redwater. We would be doing a similar strategy in terms of planning for that meeting depending on where the meeting is going to be. You'll see a detailed plan as attachment A. It's similar to what we will do once the location is determined.

As well, media releases. Of course, in terms of this committee our job is to promote what the committee is doing. Media releases in terms of the fund itself are handled by Finance.

As well, a brochure. We had done a brochure and the other strategy beneath that, the stat card. We had done them last year and kind of genericized them because we wanted to focus more on the information in general as opposed to having a piece that would need to change all of the time. Now, unfortunately, the ministry itself changed, so we will need to do updates to that brochure to reflect that change. Aside from that, there are no dollar figures or anything in the brochure. Those are in the stat card, which is a smaller piece and can be updated yearly.

The heritage fund website is maintained by Finance, and Mike will be speaking to that as well in terms of the stats and the number of hits we get.

We're also recommending a province-wide advertising campaign. That advertising campaign is similar to a strategy we had hoped to do last year, only again because the election was called, we weren't able to implement it; that is, that we do a province-wide advertising campaign that just creates a general awareness about the fund just prior to the omnibus polling so that at least people who are getting the calls about the fund may already be familiar with what's happening. This province-wide advertising campaign really tries to direct people to the website to learn about the campaign.

As well, a targeted advertising campaign. Now, that would be specifically for the public meeting. The dollar cost, I'm estimating, would be \$5,000 although it really depends on where the meeting is being held and where the advertisements need to go.

The last strategy that we're recommending actually worked really well last year. It's attachment C. It's wild-card advertising. There are a series of bookmarks that go into public libraries throughout Alberta and generally just direct people to the website once again to learn more about the fund. It was quite successful last year, and we would recommend that the committee do it again this year.

That, Mr. Chairman, is the communications report.

**The Chair:** I'm going to ask Mike to talk a bit about the website. Did you also want to talk about the polling, Mike, or is there anything you would need to add on that?

**Mr. Berezowsky:** In regard to the polling I think the report that you all received pretty much speaks for itself. If anybody has any questions, I'll answer them to the best of my abilities.

**The Chair:** Do you want to just speak briefly about the website? Then we'll take questions on the whole kit and caboodle.

**Mr. Berezowsky:** Sure. You all received a memo on the website and the number of hits. As you might notice, there's been a significant increase over the last several months. In fact, what we've had up until May from the beginning of the year is almost what we received in the last two years. We've looked into that, and the best explanation we have is that because Finance and Revenue merged, the websites also merged, so a lot of the traffic that was going to Finance is also going to the heritage fund site. As well, the heritage fund did receive some attention during session. There was the Access to the Future Act, that brought some attention to it, as well as the budget and inflation-proofing of the heritage fund. So we figure that that's why it's received some more hits.

**The Chair:** All right.

Questions from members? I'll start with Mr. MacDonald.

**Mr. MacDonald:** Yes. The last three meetings were held in Olds, Grande Prairie, and Redwater. Previous to that, a meeting had been held at Grant MacEwan. I attended. I wasn't a member of the committee. I was startled that there were probably five or six members of the public who attended. There were more members of the committee than there were interested citizens. How many people have shown up in the smaller centres in the last three years?

**Ms Sorensen:** I don't know if I could answer that.

**The Chair:** I think Karen can.

**Mrs. Sawchuk:** These are just ideas. I'm not right bang on with the numbers. At Grande Prairie I believe we had approximately 50. At Olds, well, it depends who you ask. If you ask the member from Olds, he'll guarantee you that there were 100, but we do think that we broke 70 on that one. At Redwater we probably had about 40.

**Mr. MacDonald:** Thanks.

**The Chair:** That's it? Okay.

**Mr. Snelgrove:** Well, building along Mr. MacDonald's statement, in the four years or whatever that I've been here, I have had exactly one person question me about the heritage fund except when it's in the news as part of the report or the transfer to general funds. That person has been the same person every year: it's the newspaper reporter that wants to know about the heritage fund. But in the entire time – unless there is an issue about the transfer or the issue: "What could it have been? What would it have been?"

Personally I think the communication strategy has to be around explaining when it does things, why it's doing it, or what it's doing. It isn't an issue for me explaining other than when it does something that isn't explained, if that makes any sense. When we transfer money, that's when the question is: "Well, where did you get the money? What's it worth?" Then it goes away.

**9:00**

**Ms Sorensen:** Mr. Snelgrove is exactly right. Generally, interest in the fund happens when – it's sad to say, but if there is any sort of controversy or anything that is questionable, the public is going to question it. I just want to be clear that in terms of this communication strategy, it is only for the committee activities. In terms of how the fund is doing, how it's being invested and whatnot, that is the responsibility of Alberta Finance to publicize and set straight.

**Mr. Berezowsky:** I can certainly speak to that. You're right. There is a challenge getting Albertans to retain information about the fund, its value, and its function. One of those challenges is that good news just really doesn't sell. The other challenge that we have is that the heritage fund in the past has not provided direct funding to programs. It provides funding to the general revenue fund, but that's more of an abstract idea for people. They don't see the direct benefits although we are hoping that with the access to the future fund for postsecondary education there's a more direct link and that some people will notice that.

As well, we're just reviewing within Finance the methods that we use to get information out there right now because revenue is a new part of what we do.

**The Chair:** Mr. Rogers.

**Mr. Rogers:** Thank you, Mr. Chairman. Just a couple of brief comments. Number one, I think one of the best promotional

activities that has ever been done around the fund was Take an Alberta Break. Actually, no, that's a different one, come to think of it. No. The heritage fund: we had a lot of grain cars. I'm thinking of grain cars. They're still out there. You see them here and there, the Alberta heritage fund grain cars. The Take an Alberta Break, visit such and such, that was more tourism. But that vehicle – and it is a vehicle – I think was really good because the fund was more present in my mind. Every so often I went up and down the highway, and there was another Alberta heritage fund grain car going by. That is one of the pieces of communication that I remember over the last 20 years in the life of the heritage fund.

I do believe, though, that it still behooves us to get out to various parts of the province, be they Lloydminster, Vermilion, High Level, where have you, once in a while and remind the local folk that this fund does exist and what it does on their behalf. So even though the turnout is suspect depending on where we go, I still think it's a very important exercise as a part of the whole communication process of reminding Albertans that this fund exists on their behalf.

**Mr. Snelgrove:** That's an excellent example, Mr. Rogers, in fact, of my point about a direct investment into Alberta. I'd only like to say that I know that the people in Lloydminster would way rather look at a heritage fund overpass than another thousand heritage fund grain cars every day, but that's just my opinion.

**The Chair:** Well, I think the point has also been made – and, Rhonda, this is something that I think you need to think about building into future communications plans. How do we use Access to the Future Act benefits so that Albertans understand where it's coming from, similar to what happened, obviously, with the grain cars? Again, that was a direct investment out of the heritage savings trust fund. So part of the challenge going forward is to ensure that when we do these kinds of investments, the credit is back to where it came from.

**Ms Sorensen:** A challenge I look forward to.

**The Chair:** Okay.

Any other questions on the communications plan?

Okay. We do need two motions. We need to approve, first of all, the draft communications plan as distributed, and I would ask someone to move that.

**Mr. Rogers:** I'll move that, Mr. Chairman.

**The Chair:** Okay. All in favour?

Then we have the request to resume the annual omnibus polling. We haven't had any questions on that. I'm assuming that everyone seems to be okay with that, so I would ask that we move that

the trust fund continue with the omnibus polling for '05-06 fiscal year and that questions proposed to be included in the poll be forwarded to the committee for approval.

Can I have someone move that motion?

**Mr. Snelgrove:** I'll do it.

**The Chair:** Mr. Snelgrove. Thank you. All in favour? Okay.

We have discussed the website. There is nothing to take action on there.

I do want to move on to item 7, which we touched on briefly in the discussions previously. There will be a motion that we need to approve with respect to the annual public meeting, but before we go to that motion, I would like to suggest that we consider holding our

annual public meeting this year in Alberta's largest city. The chair would be happy to facilitate that event. Hopefully, we can beat all previous turnout records in Calgary. Question or comment?

**Mr. Snelgrove:** Yes. Is not Alberta's largest city Wood Buffalo, Mr. Chairman? You might want to clarify what you mean by "largest."

**The Chair:** I'm talking about population.

**Mr. Snelgrove:** Oh. To continue that, I think it is important that we move around Alberta. I think it was an excellent idea to go into some of the smaller centres. Maybe you get an opportunity to get some larger crowds, but I also think we've been north: Grande Prairie, Redwater. The chairman being from Calgary, I think, sends a good strong message to the rest of Alberta that we're not really in favour of Calgary or Edmonton or anything over anybody else, and we're willing to look at venue as part of a process. I would move that

we hold this meeting in Calgary during the week of October 17 and that the chairman be challenged with organizing the venue and promoting it to try and show that he has as much interest in Calgary as we do out in some of the smaller parts of Alberta.

**The Chair:** Okay. All in favour? Opposed? Okay.

This number 8 is Other Business. Do members have any other business or questions?

Number 9 is the date of our next meeting. I will try and do this on a regular basis, and that is to set the meeting date well in advance. I'm going to propose right now that pending checking of schedules, I would like to meet on Wednesday morning, the 21st of September. We will meet at 8:30 next time to ensure that there is no confusion on schedules, but we will confirm that in writing to all members.

**Mr. MacDonald:** Mr. Chairman, that was September 21?

**The Chair:** That's correct. I do need to check on some other things, though, but just as a starting point that's what we're going to shoot for.

Any questions or comments on that? Okay.

I need a motion to adjourn.

**Mr. Goudreau:** So moved, Mr. Chairman.

**The Chair:** Thanks for coming, everyone.

[The committee adjourned at 9:09 a.m.]