

Title: Wednesday, September 27, 2006 Heritage Savings Trust Fund Committee

Date: 06/09/27

Time: 1:03 p.m.

[Mr. Liepert in the chair]

The Chair: Okay. We'll call the meeting to order. Before we get into the agenda, I would ask that for the record everyone identify themselves. Then, Minister McClellan, I'd ask you if you would identify your folks, and we'll go from there.

Mrs. McClellan: We'll let them do it themselves.

The Chair: Okay. They can do it themselves, then.

[The following members introduced themselves: Mr. Cao, Mr. Goudreau, Mr. Johnston, Mr. Liepert, Mr. MacDonald, Mr. Rogers, and Mr. Snelgrove]

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

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

Mrs. Dacyshyn: Corinne Dacyshyn, committee clerk, filling in for Karen Sawchuk today.

Mrs. McClellan: Shirley McClellan, Drumheller-Stettler.

Ms Sales: Tracey Sales, communications consultant with the Clerk's office.

Ms Sorensen: Rhonda Sorensen, manager of communications services for the Legislative Assembly Office.

The Chair: Thank you very much. We'll move on to item 2, which is Approval of Agenda. Could I have a motion? Mr. Goudreau.

Mr. Goudreau: Mr. Chairman, I'll move approval of the agenda as presented.

The Chair: Thank you. All in favour? Thank you.

We'll move on to the minutes of our June 13 meeting. I'd like a mover of that motion, please.

Mr. Rogers: So moved, Mr. Chairman.

The Chair: Mr. Rogers. All in favour? Carried.

Item 4 is Business Arising from the Minutes of the Previous Meetings, and we have three issues. The first is the listing of external fund managers. That was requested, I believe, at our last meeting, and I believe it is provided by the minister under tab 4(a). So, Mr. MacDonald, I think that meets your request.

Mr. MacDonald: At this time, yes. Thank you.

The Chair: Thank you.

Item (b) is a suggestion that was made at the last meeting regarding the display of brochures for the fund within our financial institutions. It's my understanding that Rhonda has some information to relay to the committee regarding conversations with ATB.

Ms Sorensen: Thank you, Mr. Chair. I did follow up. I believe it was Mr. Cao's suggestion. Unfortunately, ATB has advised that they do not display materials that are non-ATB related. So I guess what I'm wondering is if you'd like me to follow up with other institutions or continue following up with ATB.

Mr. Cao: Well, I would like to ask if you would approach others. This is more like public information. They are corporate citizens in Alberta, so they need to know, and the public needs to know. I would use that reason to persuade them.

The Chair: Okay?

Ms Sorensen: Absolutely.

The Chair: Thank you, Rhonda.

Item (c) is a request by Mr. MacDonald from a previous meeting regarding the appearance of the Endowment Fund Policy Committee before the Heritage Savings Trust Fund Committee. We did some checking with Senior Parliamentary Counsel, and it was the advice of Parliamentary Counsel that there is no clear consensus on appearing before this committee. I think it was the suggestion of counsel that the committee discuss whether this is an appropriate request or not and make a decision from there. I would ask members whether or not you feel that this is an appropriate request. Then we'd make a decision. We need to take it off the books.

Mr. Snelgrove: You know, we've had a little time to think about this, Mr. Chairman. The fact is that we're not challenged with reviewing the people that make those decisions. The minister, I think, is entitled to ask for and receive advice from people that she has confidence in. It is not part of this committee's mandate to review that committee. It's probably opening a door that we don't need to open, shouldn't open, and I would just recommend that we refuse the request or that it certainly not be part of our mandate.

The Chair: Any other comments?

Mr. Cao: I agree with Mr. Snelgrove on this subject matter. The minister is accountable, responsible in front of us and the government. Whatever advice or information is provided to her, she's still the one responsible for it, so we're not going to question or review or even interfere with people who are giving advice to the government.

The Chair: Thank you.

Any others?

Mr. MacDonald: Well, Mr. Chairman, I'm disappointed with the statements from other members of the committee. If you look at the history of this government, you will see that the Legislative Assembly and the Legislative Assembly process is becoming less and less involved.

This is a major fund. We are accountable to the citizens of this province, and I think that in the interests of accountability, of being open and transparent, what goes on between the minister, her officials, and that committee is of interest to the owners of the trust fund, the citizens. It is not, in my view, an unusual request to find out exactly the relationship to the government of that committee, what exactly it does and why. This is a new committee. It's not that old. If you look at the past history, the Legislative Assembly and committees such as this are having less and less of a role to play in

the affairs of this province, and more and more decisions are being made behind closed doors. This is yet another example of it.

So I think we should certainly meet with the Endowment Fund Policy Committee. Thank you.

1:10

The Chair: All right. Do I hear any others who would advocate meeting with the committee? I would take the view of the floor that the request is denied.

Mr. MacDonald: Should we have a vote, Mr. Chair?

The Chair: The only way we'd have a vote is if there was a motion.

Mr. MacDonald: I would be delighted to make a motion. May I proceed?

The Chair: Proceed, please.

Mr. MacDonald: I make the motion, Mr. Chairman, that the Standing Committee on the Alberta Heritage Savings Trust Fund make a formal request through the chair to the Minister of Finance to request a meeting before the end of this calendar year, 2006, with the Endowment Fund Policy Committee.

The Chair: All right. Discussion on the motion? Mr. Rogers, Mr. Snelgrove.

Mr. Rogers: Thank you, Mr. Chairman. Speaking to the motion, if I'm not mistaken, the mandate of this committee is to review the performance and the results of this fund. As such, as part of our process we have here the minister and her appointed officials, people that work for the government, and we ultimately hold the minister responsible for those actions, for those results as they come before us as a committee. I believe that clearly states what the role of this committee is. The fact that the minister gets advice from this committee to help her and her government officials to deliver that mandate – I believe it's sufficient that we at this committee can question the minister and hold her accountable for those policy decisions, those policy processes that come together to bring us the results. I think that's sufficient.

So I personally can't see the need for bringing that committee before this body because I think that it's doing something that we're already supposed to be doing here; ultimately, that is holding the minister responsible for how she gets the job done, not, you know, bringing all those pieces together here in terms of people that form a policy committee. These aren't people that are making decisions, Mr. Chairman. They are just giving advice to the minister and her appointed officials, who we have around this table.

Mr. Snelgrove: I would like to draw the hon. member's attention under Standing Committee, section 6(4), which very clearly defines the functions of the committee, and his request is certainly not one of them.

The Chair: Mr. MacDonald.

Mr. MacDonald: Yes. In light of Mr. Snelgrove's comments, I would like to say that the Alberta Heritage Savings Trust Fund Act section 6(4) would certainly give us the authority to meet with the Endowment Fund Policy Committee because they are mentioned and they are listed in the annual report. If we're to do due diligence with that annual report, what advice they provide to the minister and the

officials I think would be of interest to the owners of the heritage savings trust fund: again, the citizens. Thank you.

The Chair: Any other comment?

Mr. Goudreau: Well, all I want to say is that, you know, we're very fortunate to have the minister with us. I think it would be different if the minister was not a participant of this committee or would not come to the committee on a regular basis, but the fact is that she is here and is able to answer on behalf of the other committee.

Mr. Cao: Well, representing my constituents, who are part of the ownership of this endowment fund, I see it clearly that my constituents would not worry about how the process is working. They want the result, and the result is the fund growth and to make good spending for Alberta citizens. The minister is responsible for it. I don't think my constituents would want to see how in detail who gives what advice to the government, who are accountable. I think the government is accountable. It's open. The ministers are all responsible for it, and investment is the Minister of Finance's and Treasury Board's accountability. She's here with us. I don't see that my constituents would like to see behind the operation. Then we have to call the people who work for the government to be here as well. So this is not in the interests of my constituents.

The Chair: All right. I will call a vote, then, on the motion. All those in favour please raise your hands. Those opposed? Lost.

Before we move on to item 5, we've had some additional members of committee arrive. I'd like to welcome the Member for Edmonton-Mill Woods, Weslyn Mather, and the Member for Calgary-Montrose, Mr. Pham, and our Auditor General, Mr. Dunn. Thank you.

Under tab 5 we have the first-quarter update, and I would ask the minister and her officials to proceed under item 5.

Mrs. McClellan: Thank you, Mr. Chairman, and again good afternoon. I'm pleased to present the 2006-07 first-quarter report to the committee. This covers the months of April 1, 2006, to June 30, 2006, and was made available to the public on August 23. I thought I'd just make some very brief comments about the fund's performance during the first quarter, and then I and my officials will be pleased to answer any questions from the committee. I will probably contain my comments to policy and ask Jai and Eric and others to give you any of the technical, detailed answers that you may ask on some of the information presented. Again, if there's something that we don't have available that you might find useful, we'll be pleased to get it to you as quickly as possible.

On June 30, 2006, the fair value of the fund stood at \$14.4 billion. That was up \$2 billion from the same time last year. That is due to a \$1 billion deposit to the fund from last year's surplus along with \$750 million for the advanced education endowment, the access to the future fund, and \$382 million that was retained for inflation-proofing in 2005-06. You would note that the fund's value is down from the \$14.8 billion noted in the 2006 annual report, and you would also note that the fund had a negative return of 2.2 percent for the first quarter with unrealized capital losses on investments of \$493 million.

I think anyone who follows the investment community knows that markets in the last quarter were not performing as well as they have in the last couple of years. The S&P/TSX composite index declined by 3.5 per cent, and we saw a drop in energy and other commodity-related stocks. The American economy showed signs of weakening, and the strong Canadian dollar resulted in lower investment returns from U.S. equity. Outside North America the MSCI EAFE index –

don't ask me what those all mean – decreased by 3.8 per cent in Canadian dollars. I know that this sounds negative, but I will remind all members that this is a snapshot in time. It is one quarter, and our strategy for this fund is to maximize the returns over the long term. Many of the markets have recovered. Canada's economy is still on a sound footing with low unemployment, relatively low interest, and low inflation. So despite a rocky first quarter the global economy continues to grow, led by Asia and stronger conditions in Japan and Europe.

Net investment income in the first quarter was \$172 million. Of that, \$71 million is retained in the fund for inflation-proofing, and \$101 million is transferred to the general revenue fund. Due to the first-quarter decline in equity markets we revised the income forecast to \$827 million, down \$90 million from the budget estimate of \$917 million.

1:20

Looking ahead, we've committed an additional \$1 billion deposit to the fund, coming from the estimated 2006-07 surplus. We also announced in the first-quarter fiscal report that we would add \$250 million to the advanced education endowment, for a total of \$1 billion. These amounts will be recorded in the fund as they're received. Our target for the endowment, the access to the future fund, is \$3 billion. Budget 2006 estimates the fund will provide about \$45 million for postsecondary initiatives this year.

Thank you for having me here. I look forward to the opportunity to talk about the fund and take any questions.

Mr. Chairman, it has been my observation over my relatively short time in visiting this committee that it would be helpful to me, as you, members of the standing committee, have the opportunity to tour, to talk to people, and to receive presentations on the fund, if you wanted to give me some sense of what you hear in those activities rather than us going over the numbers, not that I mind, that are a fact and are there. But that would be helpful if you wanted to share any of that information with me.

Thank you.

The Chair: Were you going to have your officials make any other comments?

Mrs. McClellan: I don't think they will. I think we've kind of given you the general outline. I have to leave in an hour. I know that you've got limited time. If you can finish it sooner, it'll be better for all of you. So why don't we just go to your questions?

The Chair: Okay.

All right. Then I have Mr. Rogers and Mr. Snelgrove.

Mr. Rogers: Thank you, Mr. Chairman. Madam Minister, thank you for the update and for your officials being here to assist us in trying to decipher some of these. I'm referring to page 5 of the report, the left-hand side of the page, the bottom corner. I'm suspecting that Mr. Parihar will probably be the one that could give us a little bit more. In just reading there, it talks about the negative return over the quarter, and then it goes on to give the five-year average. I'm wondering, Mr. Parihar, if you could just give us the Coles Notes version of exactly what those two paragraphs are trying to explain to us.

Mr. Parihar: We are talking about a part of the fund which is invested in bonds. The bond market during the quarter returned a negative return. In other words, interest rates went up during the quarter, and therefore the bond prices went down. Therefore, that

portion of the fund which is invested in long-term bonds reduced the value of the investment in the fund.

Mr. Rogers: Thank you very much. That's my only question.

Mr. Snelgrove: Madam Minister, my question would be around the inflation-proofing of the fund. When we add a billion or two billion, does that then move the bar you're inflation-proofing? The dollars then will need to include that \$2 billion? If that's the case, is there a point when it would be unrealistic? I'm suggesting that when this fund hits \$30 billion or \$40 billion or \$50 billion and you're continuing to add, your inflation-proofing may become all that you can put in. Have you set a target where the entry becomes the inflation-proofing as opposed to topping up and then trying to inflation-proof what you're adding?

Mrs. McClellan: No, we haven't. As you know, there's a formula that determines the amount of money that'll be set aside for inflation-proofing. We have not anticipated that inflation-proofing might become cumbersome, which is what I think you're suggesting, and not allow us to add more dollars to the fund.

Certainly, I look forward to the committee's comments on this because you do have public discussions about this, but what we heard over the two reviews of the heritage fund in the past short years is that people first of all don't know a lot about the fund. I think you've tried to rectify that through your committee getting out and talking to people and putting out reports and brochures that make people more aware of the fund. But, secondly, those who did know about the fund have wanted to keep it and wanted to grow it as we could. So I think that will continue to be our goal. When we have dollars available, we will add them to the fund, and of course by statute we will inflation-proof it every year.

So you're right. At some point, hopefully when this fund is much larger, that may be all we can do. But the inflation-proofing is a part of our budget, so it is included in our budget every year. It is something that's taken into account and will happen.

The Chair: Mrs. Mather.

Mrs. Mather: Yeah. I have been door-knocking lately, and you've helped me before with some of these puzzles about budgets, and I agree with what you're saying. People don't understand the heritage trust fund very much, but they all want it. So a question that I'm getting quite often – and I need the simplistic Coles Notes answer – is: how does this budget, the heritage trust fund, compare to when Premier Lougheed left? How have we done? I don't know how to answer that simply so that people can understand. It's confusing.

Mrs. McClellan: Well, you know, it's something that is very hard to stand on the doorstep and talk about in a couple of minutes, but I would say that if it was helpful to you, we could give you some Coles Notes.

The fund was quite different in the earlier years of the fund and actually had investments in it. If you look at page 1 of the report, it talks about some of those things, but it doesn't really reflect in that paragraph, I don't think, Jai, the changes that were actually made to the fund and the assets that were taken out of the fund and that today's fund is a fund that is actually in real dollars rather than as much in capital assets as it might have held.

Mr. Parihar: Mr. Chairman, I think we talked about this issue before. If you look at page 15 of the annual report, there's a table,

which, obviously, you don't have in today's agenda, which basically gives a history of the fund since 1976, what the net income was, what the transfers from the GRF were, what the transfers to the GRF were, the net assets at cost, and it gives details from 1976 on to the end of the last fiscal year.

Mrs. McClellan: But it doesn't explain the difference in the makeup of the fund, which I think is what, if I can be informal, Weslyn is really referring to. So if you'd like us to do that, I'll send it through the chair to you.

Mr. Parihar: Yeah. The composition of the fund has obviously changed. We used to have sections of the heritage fund: the Alberta investment division, the Canada investment division, a capital projects division. So the nature of the fund has changed. It's become more of an endowment fund now than it was before.

Mrs. Mather: Okay. That's helpful, but I do need what you can send me.

The Chair: Mr. MacDonald, did you have a question, or are you okay?

Mr. MacDonald: Yes, please.

The Chair: So Mr. Macdonald and Mr. Cao.

Mr. MacDonald: Yes. Madam Minister, in your remarks earlier regarding negative return results of 2.2 per cent for the first quarter ended in June, could you explain further? We certainly look at the price of oil. It peaked in July and August. There wasn't at that point the significant decline in natural gas prices even from your own budget, which was tabled in the Assembly in March. So could you explain further? I don't understand how you can blame the lower energy costs for this equity loss considering the fact that this is a snapshot in time that ended at the end of June, not the end of September. You know, I could understand if it was the end of September, but how can these energy costs – explain that, please.

1:30

Mrs. McClellan: Well, Jai will certainly give you some detail. There is no question in anybody's mind who turned the radio or the television on to any business report in the first quarter of this year as to what the markets were doing, and they were doing it right across the board in commodities, including energy. That certainly was a fact. So I'll let Jai talk about the relationship between the price of oil and the energy stocks and their activity.

Mr. Parihar: Thank you, Minister. Mr. Chairman, the fund is invested in various asset classes. On page 3 of the report we have shown the long-term policy asset mix of the fund. It's invested in bonds, Canadian equities, U.S. equities, international equities, and so on. As it turns out, if you look at page 1 of this report, all those markets returned negative, including the bond market. If your fund is invested in these asset classes and if most of the asset classes had a negative return for the quarter, then you will have a negative return for the fund. That's what happened there. If you notice here, even the Canadian market for the first quarter of this year had a negative return of minus 3.5 per cent. About 35 per cent of the Canadian market is in energy stocks, so part of that would be there too.

There is no one-to-one relationship between the energy price and the stocks of a company. It doesn't go in lockstep. If energy prices go down, then energy companies' stock prices would go down, but

it doesn't necessarily happen right at that moment. Markets sometimes start anticipating the downturn. Even when energy prices are high, the market in their own mind determines that it's not sustainable; therefore, they start discounting the price of the stocks. Then the stock market comes down even before the commodities come down. So it doesn't happen lockstep. It depends on what the market expects. The market kind of anticipates what's likely to happen. As it turns out, the market anticipated here that energy prices would come down, and they have come down from their peak.

Mrs. McClellan: It was probably one of the most interesting two-week periods in the market for some time. You know, it's been a long time since I recall a two-week period that was that unusual. It's the only way you can really put it. I'm sure a lot of people that have a lot of investments in stocks – my interest is government investment, of course – were pretty concerned as to where this thing was going. So, as I say, it's probably the most unusual period of time I have seen in the stock market for years. It lasted about two weeks, and it was in that first quarter.

The Chair: All right. Before I go to Mr. Cao, if I heard the minister correctly when we started the questioning, I believe she asked if we could provide some feedback as well as questions, so I would encourage members as part of their questioning to provide any advice or feedback that you might have for the minister.

Mr. Cao.

Mr. Cao: Well, thank you, Mr. Chair. The feedback from my constituency level, just like in other constituencies, is that people are talking about the communication part. People still need to know about it. They just question, but they don't understand it. A few have different perspectives and are complaining about how come it didn't grow to, you know, \$50 billion or \$30 billion and all that. So that's communication. I think we need to make it brief and answer our constituents. That's my perspective.

My question is regarding something of a reality too. Real estate prices jump a lot, and a lot of people make money out of that. I was wondering whether there is any flexibility in our fund management investment so that we can get that, particularly in Calgary, where they said that the real estate prices jumped 40 per cent in the last six months or year. So my question is: is there anything that we can capitalize on, as such, to make the fund grow much higher?

Mrs. McClellan: Well, you've got a picture of the asset mix policy on page 3 of the report, and it shows what mix is there.

I think prudent investing is one of our rules of thumb, and we have many people who tell us we could do better, but we're not risking our money. We're risking the people of the province's money. While you might get a hot return on some, you might take a tremendous loss, as we've seen happen, on others. So prudent investing in a prudent asset mix is really where we are. You see under the line there the 10 per cent long-term, 10.3 in June, 9.6 in March.

Jai, you might want to add some comments there.

Mr. Parihar: Yeah, if I can supplement, Mr. Chairman. The minister pointed out on page 3 the asset mix of the fund. Ten per cent of the fund was invested in real estate, and part of that 10 per cent is obviously invested in Calgary also. The fund did benefit.

If you go to page 7 of this report under Real Estate Investments, for the current quarter there was a 4 per cent return that came from real estate, and a longer term, a five-year return of 12.8 per cent that came from real estate. We have significant exposure in Calgary and Edmonton.

The Chair: Does that answer your question?

Mr. Cao: Thank you. Yes.

The Chair: Mr. Rogers.

Mr. Rogers: Thank you, Mr. Chairman and Madam Minister. On page 7 – and I apologize if this is a term that I should understand a little better, but I’m hoping that between you and your staff you can just remind me – timberland investments. Are we actually holding timber or blocks of timber? What does that mean? If we’re, in fact, you know, holding timber, be it stands of trees or what have you, do we hold any other resource-type assets?

Mr. Parihar: Mr. Chairman, yes, we do own trees. We are part of a fund which had invested in timberland on Vancouver Island. There are some other institutional investors in that fund, but we are one of them, and through that fund we do own timberland on Vancouver Island.

The Chair: Thank you.
Mr. Pham.

Mr. Pham: Thank you. Madam Minister, I fully appreciate that the market fluctuated and that many people lost money in the first quarter. However, whenever I see a loss of public money, it always concerns me. Because of the size of the fund, it’s not easy to dynamically move investments from one portfolio to another. I talk to my financial adviser once every three months. It seemed like the correction was coming, and he was able to tell me way back in December that I should expect, you know, that in the first and second quarters there would be some adjustment in the market. I assume that our advisers would probably hear the same thing. Do they actively manage these funds, or do they just follow a passive style, just stick the money in there and eventually in the long-term it will take care of itself?

1:40

Mrs. McClellan: Well, I’ll say that they actively manage the fund, and I’ll let Jai tell you how that activity occurs.

I’m like you. I never like to see a loss, but if the losses were to outweigh the gains over a period of time, I’d be really, really, really concerned. I think history shows very clearly that this fund has been well managed, that it has had a good return. Again, we have to go back to a prudent, conservative, lower risk management style because we are managing public money. That’s why I think you see the asset mix as it is. You probably could put some of this into a higher return area, but along with higher returns in the marketplace generally come higher risks. So you have to be prepared for that.

On the knowledge of market changes and how we react to them in the fund, Jai, you might want to explain that.

Mr. Parihar: Yes, I can supplement that, Mr. Chairman. We take a long-term view, so we don’t try to anticipate what the market is going to do tomorrow or next month. We need to take a longer term view, and our longer term view is that the market did correct in the first quarter. Some of you may already know that the market has done very well since then. It would be hard for a large fund like ours to go in and out, and it’s hard to anticipate precisely when that’s going to happen. We don’t want a whipsaw there, so we take a longer term view.

We do have managers who actively manage our portfolio. They do make changes to the portfolio from time to time, stocks which are going to do better even when there’s a downturn. They emphasize those kinds of stocks. And when the market is on an upturn, they emphasize a different kind of stock. So they do take that into account. Because of the size of the fund and that it’s an institutional fund, we have to take into account the risk tolerance of the fund. So we take a longer term view, and we manage that way. Like I said, we do have managers who do go in and out on certain stocks.

The Chair: Mr. Pham, would you like to supplement?

Mr. Pham: Do you use any hedge funds at all to stabilize the ups and downs of the investment?

Mr. Parihar: Mr. Chairman, yes, we do. If you look at the asset mix on page 3 again, 5 per cent of the fund policy calls for hedge funds. This is called absolute return strategies. Currently we have 4.1 per cent there, so we do use hedge funds.

Mr. Pham: Thank you.

The Chair: I have one more member who indicated a question or comment: Mr. MacDonald. If there’s anyone else, please signify.

Mr. MacDonald: Yes. Thank you, Mr. Chair. Madam Minister, I should know this, and I’ve forgotten, but my first question would be: how much money were you anticipating from the heritage savings trust fund for the budget this year?

Mrs. McClellan: I should know this off the top of my head too, but it’s even a bit . . . [interjection] It’s \$917 million. So we’re down about \$90 million, a little bit more.

Mr. Parihar: Yeah. The forecast was \$917 million, and the new forecast is now \$827 million. Obviously, we keep updating the forecast as time goes by.

Mr. MacDonald: Okay. Now that we’re near the end of the next quarter, are you anticipating a similar negative return?

Mr. Parihar: No, unless something happens in the next two days.

Mrs. McClellan: The markets have rebounded, as we know, very, very well, and because it really was a downturn in the market that caused the negative for the main part, we would not expect a negative return in this quarter.

Mr. MacDonald: Did we have any investment in the hedge fund Amaranth?

Mr. Parihar: Fortunately not.

Mr. MacDonald: Thank you.

Mrs. McClellan: You’re going to give him high marks for that one, aren’t you?

The Chair: All right. I don’t see any other members who have questions or comments, so I can assume, Madam Minister, that everybody has got their questions answered.

I would ask that we have a motion to accept the first-quarter report.

Mr. Johnston. All those in favour? Thank you. Carried.

Mrs. McClellan: Thank you very much.

Again, if you have any comments you want to pass on to us from information you glean as you're travelling, we'd be pleased to get that.

Mrs. Mather, I will be pleased to give you a little bit more detail on the different mix of the fund since 1976, I think it was.

Thank you.

The Chair: All right. We'll move on to item 6. There's been a slight hiccup in our plans to have our annual public meeting in Vermilion. We had previously scheduled the date as November 7, but something has gotten in the way, so we would like to change the date. I would ask if we could have the hon. member who represents that area consider putting forward a motion.

Mr. Snelgrove: Thank you, Mr. Chair. It just never rains but it pours out there in Vermilion. With that in mind, I would move that we change the date from November 7 to November 1.

Mr. MacDonald: Mr. Chairman, could you tell us what event has come up that would necessitate this change?

Mr. Snelgrove: There is a leadership review under the Progressive Conservative Party of Alberta, and I've scheduled a forum in a rural setting. We don't want to have any impropriety, that someone may use a government airplane to get to that meeting. So rather than have any opportunity of a conflict, we'd prefer to have our own date.

Mr. MacDonald: Where is the forum that night?

Mr. Snelgrove: In Vermilion.

Mr. MacDonald: Vermilion. Oh, dear.

The Chair: We wouldn't want to have anyone not be able to attend our public meeting because they had made a different choice.

Mr. Snelgrove: Now, there are enough Conservatives out there to go around, I assure you.

The Chair: All right.

Any discussion other than that question?

Mrs. Mather: What time?

The Chair: At 7 o'clock on November 1.

Mr. Rogers: Mr. Chairman, would those of us from here still be planning to travel out and back as we did to Calgary last year?

The Chair: Yes.

Okay. All those in favour of the motion? Opposed? Carried.

We're going to move on to item 7. I'm going to turn it over to Rhonda for a communications report.

Ms Sorensen: Thank you, Mr. Chair. Obviously, there will be some changes in this portion of the agenda simply because we'll have to make some changes to the material in the binder to reflect the new

meeting date as well as the confirmed statistical information. Mrs. Dacyshyn is handing out right now the confirmed statistical information that will be reflected in each promotional piece.

A lot of what we had discussed at the June meeting is reflected in this report. It's essentially a plan to get people to the public meeting. I'll just quickly go through some of the tasks that we have gone through before but that we do have more details on now.

We will be advertising in newspapers in the Vermilion and Lloydminster areas. We had budgeted \$5,000 for this, but we are going to come in well under budget simply because it's a rural setting and the advertising rates are much cheaper than they were in Calgary last year. So thank you for that. We have designed an ad, which we will be placing in all of these papers likely towards the end of October, hopefully to give about a week's notice on the November 1 meeting.

As well, we have a surplus of brochures, so we can use those for the meeting. But we will be updating the statistics card. That is the information that Corinne has just handed out.

One of the other strategies – and, Mr. Snelgrove, you can probably provide some advice on this – is that we could do posters that could be put up in your constituency if your constituency office would be able to do so. Yes?

As well, a media advisory and media release will be going out to let the press know about it.

Mr. Berezowsky will be updating the website.

A direct-mail campaign. Now, this is an actual invitation that will go to every household in the area. Again, this comes in quite a bit under budget because we had budgeted for about 25,000 households, and Canada Post has informed us that there are about 6,500 in Lloydminster and 2,600 in Vermilion. So there are less households than it's going to, and they gave us quite a good rate.

So those are the strategies that we're using, and attached to that are samples of the media advisory, the media release, the invitation that will be going out through direct mail, the advertisement that will be going into all of the newspapers, as well as the statistics card, which we will be updating to go inside the brochures.

1:50

The Chair: Okay. Any questions or comments regarding that plan? No.

I do need a motion to approve the communications plan.

Mr. Goudreau: Mr. Chairman, I'll make that motion.

The Chair: Thank you. All those in favour? Opposed? Carried.

Mike: the website.

Mr. Berezowsky: Not really much to say, just that it's fairly evident that more people are coming to visit the website. I can only speculate as to the reasons for that, but the heritage fund has been receiving a lot more attention in the last several months, so that may be what it is.

The Chair: That was brief. Do we have any questions or comments?

Mr. Johnston: Do we have any idea as to how many hits, inquiries there would be on the website?

Mr. Berezowsky: Inquiries?

Mr. Johnston: Yeah. However we gauge that. Hits.

Mr. Berezowsky: We have the Alberta Connects system. It's an e-mail inquiry system through the website. We receive on average about two or so a week on the heritage fund.

Mr. Johnston: Okay. Thank you.

The Chair: Any other questions or comments?

Okay. We'll move on to item 8. This is the draft report of the Standing Committee on the Alberta Heritage Savings Trust Fund. We are required to report annually to the Legislature, and the report is tabled by the chair during the next session of the Legislature. I believe that each of you received a draft copy of the report by e-mail, and it's in your binder. If you don't have it, we have extra copies up here. So any comments or questions relating to the draft report?

Mr. Goudreau: Just one question. The minister earlier indicated, I believe, that the value of the trust fund stood at \$14.4 billion, yet on the last page, page 6, the year in review, as of March '06 it's identified there at \$14.8 billion. What would cause that distinction?

The Chair: I'm sorry. Did you understand the question?

Mr. Pappas: The value of the fund at March '06 was \$14.8 billion, and then it declined to \$14.4 billion at June 30, '06.

Mr. Goudreau: Oh, at June 30.

Mr. Pappas: Right.

Mr. Goudreau: My misunderstanding. Thank you.

The Chair: All right. If there are no further questions, we need a motion to approve the draft report. Mr. Pham. All those in favour? Opposed? Carried.

So we'll move on to number 9, which is Other Business. Any items under Other Business? No.

With that, we don't need a motion to adjourn. We just do that via this chair. So done. We're adjourned.

[The committee adjourned at 1:54 p.m.]

