



Legislative Assembly of Alberta

The 27th Legislature
Third Session

Standing Committee
on the
Alberta Heritage Savings Trust Fund

Thursday, June 17, 2010
9 a.m.

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**Standing Committee on the
Alberta Heritage Savings Trust Fund**

Tarchuk, Janis, Banff-Cochrane (PC), Chair
Elniski, Doug, Edmonton-Calder (PC), Deputy Chair

Blakeman, Laurie, Edmonton-Centre (AL)
DeLong, Alana, Calgary-Bow (PC)
Forsyth, Heather, Calgary-Fish Creek (WA)
Groeneveld, George, Highwood (PC)
Johnston, Art, Calgary-Hays (PC)
MacDonald, Hugh, Edmonton-Gold Bar (AL)
Quest, Dave, Strathcona (PC)
Taft, Dr. Kevin, Edmonton-Riverview (AL)*

* substitution for Laurie Blakeman

Department of Finance and Enterprise Participants

Aaron Brown	Director, Portfolio Management
Sandie Hay	Manager, Investment Accounting and Standards
Nick Kaczmarek	Public Affairs Officer
Rod Matheson	Assistant Deputy Minister, Treasury and Risk Management
Dave Pappas	Senior Manager, Investment and Debt Accounting

Alberta Investment Management Corporation Participants

Jagdeep Singh Bachher	Chief Investment Officer
Leo de Bever	Chief Operating Officer
Douglas Stratton	Senior Vice-president, Fund Management Group

Auditor General's Office Participants

Merwan Saher	Auditor General
Betty LaFave	Principal

Support Staff

W.J. David McNeil	Clerk
Louise J. Kamuchik	Clerk Assistant/Director of House Services
Micheline S. Gravel	Clerk of <i>Journals</i> /Table Research
Robert H. Reynolds, QC	Senior Parliamentary Counsel
Shannon Dean	Senior Parliamentary Counsel
Corinne Dacyshyn	Committee Clerk
Jody Rempel	Committee Clerk
Karen Sawchuk	Committee Clerk
Rhonda Sorensen	Manager of Communications Services
Melanie Friesacher	Communications Consultant
Tracey Sales	Communications Consultant
Philip Massolin	Committee Research Co-ordinator
Stephanie LeBlanc	Legal Research Officer
Diana Staley	Research Officer
Rachel Stein	Research Officer
Liz Sim	Managing Editor of <i>Alberta Hansard</i>

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[Ms Tarchuk in the chair]

The Chair: Good morning, everyone. My name is Janis Tarchuk, MLA for Banff-Cochrane, and I'll be chairing this meeting. Welcome, all of you.

Before we get started, I wonder if we could ask all committee members and the representatives from the department and from the office of the Auditor General to introduce themselves for the record. We'll start with Doug.

Mr. Elniski: Good morning. Doug Elniski, MLA for Edmonton-Calder.

Mr. Johnston: Good morning. Art Johnston, Calgary-Hays.

Mr. Groeneveld: George Groeneveld, Highwood.

Dr. Taft: Good morning, everyone. Kevin Taft, Edmonton-Riverview.

Mr. Stratton: Good morning. Doug Stratton, AIMCo.

Mr. Pappas: Dave Pappas, Finance and Enterprise.

Ms Hay: Sandie Hay, Finance and Enterprise.

Mr. Kaczmarek: Nick Kaczmarek, Finance and Enterprise.

Mr. Bachher: Jagdeep Bachher, AIMCo.

Dr. de Bever: Leo de Bever, AIMCo.

Mr. Matheson: Rod Matheson, Finance and Enterprise.

Mr. Brown: Aaron Brown, Finance and Enterprise.

Ms LaFave: Betty LaFave, office of the Auditor General.

Mr. Saher: Merwan Saher, Auditor General.

Ms Sales: Tracey Sales, Legislative Assembly Office, communications.

Mr. MacDonald: Good morning. Hugh MacDonald, Edmonton-Gold Bar.

Mr. Quest: Good morning. Dave Quest, Strathcona.

Ms Rempel: Jody Rempel, committee clerk, Legislative Assembly Office.

The Chair: Thank you. I'd invite the two members who are on teleconference to also introduce themselves.

Ms DeLong: Thanks, Janis. It's Alana DeLong, MLA for Calgary-Bow.

Mrs. Forsyth: Hi. It's Heather Forsyth, Calgary-Fish Creek.

The Chair: Great. Thank you.

Pursuant to Standing Order 56(2.1) to (2.4) Dr. Taft will be substituting for Ms Blakeman this morning. Welcome.

Our first order of business is the approval of the agenda. I wonder if someone would move that we approve the agenda as distributed. George. All those in favour? Any opposed? That motion is carried.

You all have copies of the minutes of March 16, 2010. I wonder if someone could move that we approve those minutes as circulated. Doug. All those in favour? Any opposed? That motion is carried.

We will now discuss the annual report. The draft 2009-2010 annual report was posted on the internal website last week. I should remind members that this draft report is confidential, and once approved by the committee, the final copies will be printed and distributed to our colleagues. In order to meet the requirements of the Alberta Heritage Savings Trust Fund Act, the annual report must be approved by the standing committee and distributed to all members by June 30.

I understand that the minister and the deputy minister are in Treasury Board right now, but I will ask Rod Matheson, ADM, treasury and risk management, to review the report, and then we'll open it up for questions.

Mr. Matheson: Thank you. I'm pleased to be here. I will provide some opening comments and then be pleased to answer questions.

Madam Chair, 2009-10 proved to be a very strong year for the heritage fund and a marked contrast to the previous year. Renewed investor confidence and improvement in investment markets helped drive investment income for 2009-10 to new heights. Overall earnings were just over \$2 billion, nearly triple the original budget estimate of \$711 million. This is a significant turnaround over last year's investment loss of \$2.6 billion, brought about by the global credit crisis, the recession, and declining commodity prices. When the market has a year that outperforms significantly, it leads to a spike in income in that year. Over the long term, however, the average yearly income for the heritage fund is in line with forecasts.

At March 31, 2010, on a fair-value basis the heritage fund's investments returned 17.8 per cent. Canadian equities were the largest positive contributor to the fund. They comprised 14 per cent of the portfolio and returned a little over 46 per cent. Canada's banking system weathered the credit crisis well, and the markets reflect the country's sound financial position.

Global equities also performed strongly. Through investment selection AIMCo added 7.7 per cent in value for a portfolio return on that segment of 29.8 per cent.

The biggest detractor from performance in the fund was the real estate portfolio, with a loss of 9.1 per cent. The portfolio has a significant investment in Alberta office space, which did not perform as well as the rest of the country. Illiquid investments are not valued daily like public equities. Some of the fund's illiquid investments showed poor returns this past year due to valuations catching up from what happened in 2008 and 2009, and both real estate and infrastructure are examples of this.

After transfers to the general revenue fund net assets held in the fund totalled \$14.4 billion at March 31. Fifty-three per cent of the fund's investments were invested in equities, followed by 26 per cent in fixed income and money market securities and 21 per cent in inflation-sensitive and alternative investments.

The fund has a legislated provision for retaining a portion of its income for inflation proofing; however, since inflation in Canada was negative for fiscal 2009-10, no amount was needed to be retained in the fund.

The 2009-10 strong performance has allowed the fund to contribute \$2 billion to general revenues, the largest transfer in the fund's history. I do want to caution, however, that these strong returns must be recognized in the context of the long run and with the understanding that we've enjoyed a good year while coming off a

particularly bad one. Achieving high returns over the long term entails accepting some year-to-year risk in volatility in the fund's investment income and returns.

The Alberta heritage savings trust fund has supported Albertans' priorities for more than 30 years. With a diversified portfolio, strong management, and a long-term focus we can look forward to further decades of support.

With that, we'd be pleased to take any questions from the committee.

The Chair: Kevin.

Dr. Taft: Sure. I appreciate your comments, and I'm duly impressed with the performance the last year. Congratulations.

I'm just looking at page 3 of the draft report, and on the right-hand side it says: "Over 10 years, the Fund earned an annualized return of 4.3% per annum compared to its long-term business plan investment goal of 7.2% per annum." I might have misheard your comments, but at one point I thought you said in your report that the long-term returns to the heritage fund were in line with benchmarks. I may well have misheard what you said, but can you just elaborate a little bit? While last year was terrific, the long term is disappointing from this information in the report.

Dr. de Bever: Okay. The long run to most people is a lot longer in investments than it is to us as individuals. The last 10 years, including 2008, were not particularly good for an asset mix like the heritage fund has. The asset mix is decided upon for a time period that's much longer than 10 years, really. We have a tendency to want returns to be stable and in line with long-term expectations, but you can't be a long-term investor and expect to make money in the short run. In this context the last 10 years were slightly below average whereas the period before that, the period 1982 to 1999 as opposed to the last 10 years, was the best in 130 years. So maybe we got a little spoiled in terms of what returns are possible, but the last 10 years were below average. That happens. There are periods of 10 or 20 years where returns can be much higher or lower than long-term expectations, as exhibited here.

Dr. Taft: Just so I'm clear, though, your 10-year goal is a rate of return of 7.2 per cent.

Dr. de Bever: No. The long-term goal. That is based on, say, 100-year returns on bonds and stocks, the average from that, okay?

Dr. Taft: Okay. Then my question is: if we're talking a long-term time frame of 100 years, how do we hold you to account?

9:10

Dr. de Bever: You can't. That's the point. If you pick an asset mix that has a lot of equities in it, you're going to have to expect that in return for making a lot of money on average, you can hit a 2008 along the road. That's why the equity premium, the difference between stock and bond returns, is so high. People have a natural aversion to years like 2008, and the last 10 years includes a year like that. If you take a long-term average, you don't have too many 2008s in there, so on average you make the 7.2 per cent, but if you have a 10-year period where you have 2008, it really hurts.

Dr. Taft: I'm interested in your comment that we can't hold you to account. I don't know that you actually literally meant that. What is the role of this committee, then, if the committee is unable to hold the fund managers to account?

Dr. de Bever: It's not a matter of accountability. You picked an asset mix for this fund that said: I want to be invested on average in roughly 60 per cent equities, 40 per cent bonds. The long-term return in the market is whatever it is, 7.2 per cent. All I can do – and I've told this committee this before. I can't be held accountable for what the market will do and what you're asking me to execute on behalf of this fund. The only thing I can be held accountable for is: can I systematically do better than the market over a four- or 10-year period? Any manager that pretends to be able to hold up the markets has an exaggerated notion of his capabilities.

The Chair: Okay. Hugh.

Mr. MacDonald: Yes. Thank you. My first question is to you, Madam Chair. Last year we asked for and we received the detailed list of investments for the year ended March 31, 2009, and I would think that we should receive the detailed list of investments for each year-end with the draft annual report. I'm requesting this morning for not only myself but for all members the detailed list of investments for the year ended March 31, 2010.

The Chair: Okay. I don't see a problem with that.

Rod, you can take that request and follow up with it.

Mr. Matheson: We'll take that request back. In fact, Chair, we're currently – I'm just looking at Dave – in the process of completing that list, or is it finished now?

Mr. Pappas: It's completed. It will be put online on the Finance and Enterprise website. Yeah, we can provide it to you.

Mr. Matheson: We'll provide it through the chair to the committee.

The Chair: Thank you.

Mr. MacDonald: Yeah. I would really appreciate that.

Now, in last year's list, in the private mortgage pool, the detailed list of investments, there are a small number of seniors' lodges which have mortgages held by the heritage savings trust fund. How are these mortgages approved? They're not-for-profit seniors' facilities located here in the province.

Dr. de Bever: How are they approved? Well, we have an internal process where I get an investment proposal across my desk. If the returns are adequate, I approve it, and if they aren't, then I don't. We have this for all nonlisted investments. There is no concessionary finance if that's what you're implying.

Mr. MacDonald: No. The interest rates here are ranging between 6 and a half and 7.1 per cent.

Dr. de Bever: Right. So if it happens to be in a project that has social value, I can only do that if the return is what I need to justify my obligations to this committee. It's a fairly standard investment approval process. We go through and say: what is the risk in this asset, what's the expected return, and are we happy with the configuration of risk and return?

Mr. MacDonald: Okay. I appreciate that.

Now, I also have a question, and this is again on the private mortgage pool, schedule G, provincial coupons, from the year ended March 31, 2009. This is on page 45. We have a par value of \$126 million and a fair value of \$35 million for provincial coupons issued

to Ontario province, three of them, and one to the province of Quebec, and the interest rate is zero per cent. Could you explain to me – I have no idea – what a provincial coupon is as listed here? What does this mean?

Dr. de Bever: I don't have the particular asset in front of me. I can get back to you on that off-line. I don't know exactly what this is.

Mr. MacDonald: Okay. I would really appreciate that.

Dr. de Bever: Yeah. That's no problem. Is it a zero-coupon bond? Is that what it is?

Mr. MacDonald: It's a provincial coupon, interest rate zero. Some of them are maturity dates ranging from 2035, 2033.

Dr. de Bever: Well, this is an asset, then, that's bought at a discount, and it accrues as time goes on. You get your return from the difference between the price that you bought it at and the price at which it matures.

Mr. MacDonald: Okay. Would that explain why there's such a range between par value and . . .

Dr. de Bever: That's right. It's like you buying a T-bill, right? I don't know whether you'd ever buy T-bills for your personal account, but you buy it at a discount, and it matures at par. You buy it at 99 cents on the dollar, and it matures at a dollar. That's how these things are done. What that does is that it locks in a fixed interest rate at the time of purchase. To get from the discount value to the par value, you discount by the period of time, and the difference gives you the interest rate at which you buy it. Does that make sense?

Mr. MacDonald: Yeah, and I thank you.

The Chair: Dave.

Mr. Quest: Thank you, Chair. A couple of questions. First of all, we're looking at the annual report from March. I know we look quarterly, but do we get snapshots on the fund's value monthly at all? Is there more current information, or do we strictly just take a look at it once a quarter?

Mr. Matheson: The public information is quarterly. The fund is required to produce quarterly reports and then, of course, the annual report. The finance department, working in conjunction with AIMCo, would be receiving information on a more frequent basis than that, but as far as I'm aware, there's nothing provided on an interim basis between quarters to the committee.

Mr. Quest: Okay. So this is all the information we have access to today.

My next question is on the annual report, page 13, Canadian real estate by city. A couple of questions. I'm wondering. We've got in Alberta that 28 per cent is in Calgary, and 8 per cent is in Edmonton. Forty-four per cent is in Toronto. When we make these decisions, do we make them as landlords, do we make them as speculators, or do we make them as both? Is it about the revenue? Is it about projected future values? Is it a combination? I'm just curious what goes into those decisions.

Dr. de Bever: We certainly don't make them as speculators. Every

investment we make is based on what is the opportunity that we see, and is there an appropriate return for that opportunity? The returns on real estate in particular are very sensitive to the stage of the business cycle and in some cases regional economic developments. The point was made that Calgary in particular right now is in a bit of a down slide, so valuations reflect that because there is surplus space on the market. Now, if you look at the last 10 years, Calgary did pretty well. The see-saw: that's part of the diversification in the portfolio. You try to diversify your bets in a portfolio to make sure you don't get hit all at once in one area.

This is the other thing I'd like to point out. The point was made that real estate didn't do well in 2009, but if you look at the period between 2000 and 2009, it was the highest performing asset in the portfolio. You have to even out the swings in return.

I didn't quite understand your comment about making the decision as a landlord.

Mr. Quest: Well, all real estate investment, commercial, is based on the rental income, the revenue.

Dr. de Bever: Yes.

Mr. Quest: But part of those decisions, again, always are future values. From what you're telling me, we do try and guesstimate future values.

9:20

Dr. de Bever: The way these real estate investments are valued is that we have external experts. What they basically do is say: "All right. What is the rental stream on this building 10 or 15 years out? How do you discount that at a cap rate? What does that give you as a number?" With unlisted assets the only price that really counts is the one you buy at and the one you sell at. Everything in the middle is an estimate. It just turns out – and we don't have to get into it – the estimates for 2009 were particularly questionable in my mind, but the facts are that even if you factor that in, 2009 was not a great year for real estate, end of story. The valuation procedure is exactly as you envision it. You look at the rental stream, you discount it by a rate of interest, and that gives you your value.

Mr. Quest: Okay. Thank you.

The Chair: Just before I move on to the next speaker, Heather or Alana, did you want to get on the speakers list at this point?

Mrs. Forsyth: Yes, please.

Ms DeLong: No. I have questions for later on in the meeting.

The Chair: Okay.
Doug.

Mr. Elniski: Okay. Good. Thank you very much. With regard to the explanations of the various investment classes and stuff, as I read through the list here, we come across a line item of emerging markets equities on page 10. I don't see in the report from page 12 and on any further discussion about what the emerging market equities are. Performance hasn't been very good, so what is that?

Dr. de Bever: Well, performance last year wasn't very good, but emerging markets are countries like China and Southeast Asia, Latin America, so countries outside of North America and Europe with some exceptions. Japan and Australia are exceptions.

Why do you invest in these? Well, they are a very rapidly growing component of global equity markets, so from a diversification point of view you have to be there. They're a bit more woolly and more volatile than other markets, and we factor that in when we decide how much exposure we want to have to it. That's what you should understand. Across the whole portfolio the philosophy is: how much risk are we taking, and how are we going to get paid for it? Basically, it's our exposure to roughly a global weight when you look at global equity markets of these countries that are sort of catching up with the standard of living we already have.

Mr. Elniski: Okay. Good. Thank you.

My second question, if I may, has to do, actually, with our timberland assets. The editorial comment for that talks about: "The timberland investment is primarily timber and related land in the Province of British Columbia." Are we actually in the landowner business in British Columbia, then? We actually own some forest resource there?

Dr. de Bever: Yes.

Mr. Elniski: Okay. Good. Thank you. How much? Any idea?

Dr. de Bever: Well, it's a relatively small component. I forget even what it is for the fund as a whole.

Do you know offhand?

Mr. Bachher: About \$120 million.

Dr. de Bever: A hundred and twenty million. It's an asset class that has some unique characteristics. Because a lot of our liabilities are indexed or we try to achieve a real return, or what's compensated for inflation, this is a particularly interesting asset class because obviously you're growing trees. If you don't like the price, you let the inventory grow, right? That's one of the rationales.

Mr. Elniski: Yeah. I have a radiata pine plantation on a very similar philosophy in New Zealand, actually.

Dr. de Bever: Well, New Zealand is a very good area. In fact, it's more lucrative right now than North America.

Mr. Elniski: Thank you.

The Chair: George.

Mr. Groeneveld: Thank you, Chair. I find it a tad difficult to criticize a report that comes up with a 17.8 per cent return on investment over the year, but I'll maybe make a few comments. One of the comments would be that I guess you've really set yourself up for some failure next year. I don't know how you're going to follow this act. I hope you do, by the way.

Dr. de Bever: Well, can I repeat a comment I've made a number of times before? I made it this morning. I'm not taking credit for that 17 per cent. It was given to me mostly by the market. What I do take credit for is whether I can do better than what the market will give me. In the long run that's the only thing you can do, and if you take credit for what is given to you – I wouldn't say without much effort but mostly because you just happen to be in the asset classes you were told to be in – that's not a good evaluation process. So if the market next year gives me minus 10, I hope you give me the same latitude and don't blame me for that.

Mr. Groeneveld: I can see you wouldn't make a very good politician.

Dr. de Bever: I decided a long time ago that politics was not my field.

Mr. Groeneveld: I can certainly appreciate the fact that the group sitting here this year is probably much more comfortable than the group sitting here last year, wondering what was coming down the pipe.

Dave kind of touched on the real estate somewhat. Is that kind of an abnormality? Real estate generally is probably pretty stable.

Dr. de Bever: It is, but let's think again. Why do you have all those different asset classes? It's because at various times they're up and others are down. It's the diversification effect. So after 10 years of very good returns in real estate we have a real stinker last year. Okay. That's what diversification is all about. Now, equity markets did really well after doing really poorly in 2008. In the long run there's nothing wrong with that portfolio. I mean, there are some portfolios that I'm not too crazy about that I inherited when I came here, but real estate is a very solid portfolio, and it will do just fine.

Particularly, I find that when I go to Calgary, the people in Calgary are much more pessimistic than I am about what's going to happen there. I think it will do just fine. We've got a big building being finished there later this year, and contrary to what I was told when I got here, it will do just fine over the next five years. You shouldn't be too worried about annual results that deviate from what you would expect from an asset class.

Mr. Groeneveld: If I could have one more.

The Chair: Sure.

Mr. Groeneveld: I guess one of the questions would be changing, being quick on your feet. Is that possible at all? I mean, when you look at the global situation right now with what's happening in Europe and some of these other countries and even the U.S., I guess we might suspect, do you change some of these fairly quickly?

Dr. de Bever: Well, in unlisted assets by definition it's pretty hard to get in and out, right?

Mr. Groeneveld: Yes. Exactly.

Dr. de Bever: You can over time, but your general question is very apropos. The biggest emphasis that we're giving to our investment policy is: can we just be a little bit better than the next guy at anticipating how this is all going to develop? By doing so, you capture opportunities others may not look at. What that may mean is that you look in places that others are not equipped or are not willing to consider, and we're doing a fair bit of that. That is really what I can add to this whole exercise.

If you're just saying, "Look; I want you to be 65 per cent in equities, 35 per cent in bonds, or whatever, 60-40," I can do that with two people and we're done. What you're going to generate is whatever the market gives you minus whatever your cost of implementation is. The value-added from AIMCo is what you are referring to, trying to anticipate a little bit better than chance how the world is going to develop. When I say a little bit better than chance, you have to understand that anybody's track record of being prescient about what's going to happen in the future is pretty poor. All you can do is, say, get it right about 55, 60 per cent of the time. It's the best you can do.

Mr. Groeneveld: Thank you, Chair.

The Chair: Hugh.

Mr. MacDonald: Yes. Thank you. Investment services for the Alberta heritage savings trust fund are provided by AIMCo. I'm looking at the annual report from the department of finance last year, and it indicates that AIMCo

provides retention incentives to employees through a Long-Term Incentive Plan (LTIP) and a Restricted Fund Unit (RFU) Plan . . . Amounts paid out under the plan are calculated based on the compound rates of return on investments and rates of return assessed relative to benchmarks over a 4-year period.

How much money in this year, 2009-10, from the heritage savings trust fund has been used to fund these plans?

Dr. de Bever: Well, I don't have the exact numbers, but let me approach your question from a different point of view. You're focusing on the wrong thing. Last year at AIMCo level as a whole we paid out \$120 million to external managers who lost us \$475 million. We will pay out a very small fraction of that to internal management that produced \$600 million of value-added over market. What I'm saying is that the question you should be asking is: was the past model of paying a lot of money to external managers and getting those services at three to five times the cost we can produce internally with incentives the appropriate model, or is the new AIMCo model, which was set up to produce an extra 1 or 2 per cent a year and attract the talent and compensate them properly to make that possible, the right model?

I appreciate that the payments we make – and it will appear in the annual report that will come out in the next few months for AIMCo – are highly visible because you can point to individuals that receive that money. But is that the appropriate question?

9:30

Let me give you an analogy. When you buy a tube of toothpaste, do you worry about who is getting paid for that toothpaste in the price you pay? Or are you saying: "Am I getting value for money? Is the price that I'm paying commensurate for the value that I'm receiving by buying the toothpaste?" We have a management model that's going to be considerably cheaper than farming out the money to invisible external managers. That's what you should be focusing on, in my mind.

Mr. MacDonald: Well, with due respect, the annual incentive plan has grown from 2008 at \$718,000 to \$2.3 million in one year. We have no idea who gets this. We have no idea how these incentives work. We have a good idea what happened when financial managers were to receive large incentives on Wall Street and the mess that has occurred as a result of that. I don't think these questions, sir, are out of line.

Dr. de Bever: They're not out of line. I'm just giving you a proportionality. I would love to make the kind of money that's made on Wall Street, but you have to shift over three or four decimals to get it. Two million dollars on \$70 billion is not a large number, and it's not even a large number in the context of the overall cost of managing the assets.

I take issue with the fact that this is not disclosed. You look at our annual report last year, and it's perfectly disclosed who got what, in line with what every Canadian-regulated company reports.

The Chair: Heather.

Mrs. Forsyth: Thank you, Madam Chair. What a difference a year makes, considering where we were last year and where we are today, so I think what we're seeing before us is well done.

I just want to ask one question if I can. It goes back to the opening comments. In the speech it was indicated that they supported Albertans' priorities for the last 30 years. Maybe you can clarify that. I don't ever remember being asked what I thought should be invested in, so how do you determine what Alberta's priorities are for investing?

Mr. Matheson: Madam Chair, I think the comment was referring to a comment I made in my opening comments. I guess I'd like to refer to page 5 of the annual report. What I was referring to there is the fact that the income every year from the heritage fund is transferred to the general revenue fund and, therefore, provides investment income revenues that help to support the government priorities through the budgeting process. Over the, I believe, 34 years cumulatively that has added up to over \$30 billion of income generated by the heritage fund that transferred to the general revenue fund and, therefore, used to support program spending by the government.

Mrs. Forsyth: Okay. I just needed a clarification.

Thank you.

Dr. Taft: A couple of questions. On page 12 there is a pie chart indicating, if I'm reading it correctly, that about two-thirds of public equities are held outside of Canada, which is fine.

Dr. de Bever: Right.

Dr. Taft: Can you just talk briefly about the risk associated with changes in exchange rates?

Dr. de Bever: Well, this has been a discussion point between us and the department of finance and the former finance minister. First of all, let me explain what the currency policy is so that you understand, you know, the issue I worry about. The currency policy is to be unhedged, meaning that whatever fluctuation there is in the Canadian dollar will be reflected in the return. Now, in 2008 that worked wonderfully because it buffered the decline in equity returns globally, but as you see in this report, this year was the reverse. Canadian equities did a lot better than foreign equities because the currency effect worked against us, right?

So the question is the following. What the department of finance has done is perfectly acceptable, but it's basically a choice you make, and let me tell you what the choices are. You can say that in the long run there is no return to currency. What I mean by that is that when I came to Canada in 1975, the dollar was at par, and we're roughly back to par, so over long periods of history it doesn't really matter. The point is in that case: why worry about currency because it all evens out in the long run? That's one way to look at it.

The other way to look at it is to say: well, currency can bring an awful lot of swing to the annual returns. If you worry about the optics of annual returns, you may want to hedge your currency exposure.

Then there are the people – well, the decision that I came to when I was at Ontario Teachers' is you throw up your hands, and you say: well, I don't know where currencies are going in the short run, so let's position ourselves somewhere halfway in between, where you hedge half your currency risk, and you let the other half ride.

There is no unique, right answer to it. The question of how you deal with foreign currency is a matter of choice for whoever sets the

asset policy for this fund. All I'm pointing out to you is what the three choices are.

Dr. Taft: So which choice have you made?

Dr. de Bever: Well, I'm not making a choice. I'm instructed to execute based on an unhedged policy.

Mr. Matheson: If I could supplement Leo's answer. The heritage fund in total has 64 per cent exposure to Canadian dollar, 36 per cent to all foreign currencies. Of that, about 20 per cent is in U.S. dollar exposure. You're looking at the chart that is just the public equities, but if you look at the total portfolio, it's 36 per cent foreign exposure, and that is something that we in Finance are cognizant of and are looking at.

I think what we do is try to take it up one level because the heritage fund is just one asset on the province's balance sheet. We have other assets that are denominated in U.S. dollars, particularly the stream of oil and gas royalties. This year we're going to study the currency exposure at the total balance sheet level. The heritage fund makes up one component of that. In fact, if you look at the sensitivity table in the budget, we explain that the province has sensitivity to a 1-cent move in the exchange rate, Canadian and U.S. dollars. In total it's \$215 million, I believe. The vast majority of that is the oil and gas exposure. I believe only about \$24 million of the \$215 million is due to our financial investments. But this year we are going to look at that, look at the relationship between those financial assets and the exchange rate impact as well as the exchange rate impact on the bigger part of the balance sheet.

Dr. Taft: Okay. Just so I am clear, though, at least for the heritage fund, which is what we are talking about, there is no hedging on exchange rates.

Mr. Matheson: That's correct. Our policy currently is to accept that foreign currency exposure.

Dr. Taft: If I may, given the discussion in recent days of the Canadian dollar becoming a stronger and stronger reserve currency internationally, where do you foresee this discussion going and the policy heading? I assume that's being folded into your policy considerations.

Mr. Matheson: That will be considered in the work we do this year.

Dr. de Bever: I worked for five years at the Bank of Canada, and we spent an enormous amount of effort trying to figure out where currencies were going to go in the short run. We weren't very good at it.

Dr. Taft: No. Fair enough. I understand that.
Just one other.

The Chair: Sure.

Dr. Taft: Just to return to my earlier questions at the opening about the long-term rates of return, whether those are 10 years or 100 years or whatever, and the issue of accountability, for what do we hold AIMCo accountable in terms of managing the assets in the heritage fund?

9:40

Dr. de Bever: You're holding me accountable for executing the

policy you've given me. If I were completely passive, I could buy a bunch of bond funds and a bunch of stock funds and be done. That's the base level of accountability. But what you're really holding me accountable for is what I can do to either help you, you know, lose less than the market loses or make more than the market makes. That's ultimately the only thing I can be accountable for.

I have limited freedom to deviate from that policy. For instance, in equities I can, I think, go up 10 per cent relative to the policy, and I can be lower 10 per cent of the policy. The same thing is true in other areas. There's an aggregate limit on what's called active risk, meaning the deviation of the actual portfolio from the benchmark portfolio.

Dr. Taft: If I look on page 3 at the little column graph in the bottom right-hand corner, for each column there's a different value-added little bar.

Dr. de Bever: Right.

Dr. Taft: The value-added was actually negative in that first column, and then it was slightly positive, and then it gets – you know, the goal is for it to be more positive. You're following me there? Point six per cent?

Dr. de Bever: Yes. Right.

Dr. Taft: Essentially, what we need to be holding you to account for is (a) at least getting the average market, and then (b) the real skill or talent or whatever it is to beat the market by the long-term goal of .6 per cent.

Dr. de Bever: Right. Let me take you back to why AIMCo was created. It took a bit of courage. The notion was that if you manage these assets at arm's length of government and you don't let politics and government be intertwined and you have a strong management team and you're able to attract smart people and pay them for what they'd add over the market, your returns in the long run should be better by about 1 or 2 per cent, okay?

Now, people seemed to assume that the moment I walked in the door, that 1 or 2 per cent was going to materialize, but it isn't that easy, right? You need a strong organization, you need strong people, you need a strong philosophy and investment policy, and frankly you need a bit of luck, particularly in the early years. My sense of timing was horrible in that I came in six weeks before the world sort of fell apart.

Dr. Taft: Right.

Dr. de Bever: That's what that minus 18 per cent in that little black thing there is all about. Now, is that never going to happen to me? I can't guarantee you that, but what I can do is put the structure in place to prevent that from happening and to generate more positive than negative results. That is not a question of swinging for the fences; it's a question of having a very disciplined blocking and tackling both on the cost and on the return side. That's what we're aiming to implement.

Dr. Taft: And that's what we'll hold you to.

Dr. de Bever: That's what you hold me accountable for.

Dr. Taft: Okay. Good.
Thank you.

The Chair: Doug.

Mr. Elniski: Thank you. I just have a couple of questions here with regard to investment expenses. I know we talked last year about the reduction in external management. I'm looking through sort of the blend and the overall costs. The costs are going in the right direction. They're going down. I'm looking at the overall blend with respect to where some of your biggest gains were and some of your biggest losses were. I presume that all ties back to your decision to go with more internal management than external management. I'd just kind of like to know how that's working and where particularly it has had the most impact.

Dr. de Bever: Well, that's a very good question. I should give you some of the challenges we faced in doing this. It's not that we feel we're smarter than any external managers. We will always use external managers in places where we feel we cannot attract and retain the talent. But there were some areas where we were overdiversified. I had something like 200 managers across the whole spectrum, and when you have 200 managers, you're likely to be an index fund because you're not just diversifying risk; you're also diversifying return.

The easiest place to rationalize that whole stable of managers was listed equities because you don't have lock-up agreements, and you can basically tell the managers: thank you very much, but, you know, as of the end of next month we want our money back. That's worked really well because we've redeployed that money in areas that produced a very high return. Some of the projects we put the money in are things like Precision Drilling. Also, we've made very effective use of some anomalies in the index markets. You know, normally you don't make money from an index fund, but you could last year, so we did. That worked really well.

The next slug of external managers was in hedge funds. Now, I'm a hedge fund skeptic. I think there's a lot of stuff that's being advertised there that really doesn't amount to anything. We're trying to get rid of some of that stuff, but it's much harder because you have lock-up agreements that last a year, a year and a half.

Finally, for whatever reason, the predecessor to AIMCo got into private equity at exactly the wrong time, at the top of the market, when things were really expensive and debt was cheap, so there was too much debt in these things. That portfolio is going to be with me for the next six or eight years. It's costing me \$40 million in management fees, and I can't do anything about it, and the return last year was zero whereas equity markets in general did very well.

That gives you both the pluses and the minuses of what we have been able to achieve. The net effect of all this so far has been that whereas when I came here, the external management fees were \$175 million, they're now down to about \$120 million. We'll probably get them down to about \$100 million. That's not an object in itself, but it's basically part of the equation that says: should I hire a really smart person and park them at our offices on 108th Street, or should I farm this out to somebody who can produce a higher return after expenses? That's the dynamic. In most cases the cost differential is so enormous – like, you can do for one-third or one-fifth of cost internally what you're paying someone externally – that it seems like a pretty good trade-off.

This is not just my opinion. There's an institute in Toronto called CEM. It's a benchmarking of major pension funds. It basically outlines what I just told you. There's this huge differential between internal and external costs. The fact is that when you're the size of AIMCo, \$70 billion, you can afford to have that internal talent.

Mr. Elniski: Good. Thank you very much.

The Chair: I don't have any others on my speakers list. Alana? Heather?

Ms DeLong: No.

Mrs. Forsyth: No.

The Chair: You're fine? Okay. Well, would someone like to move that

our committee approve the 2009-2010 Alberta heritage savings trust fund annual report as circulated?

Ms DeLong: I will.

The Chair: Okay. Alana, thank you. All those in favour? Any opposed? That motion is carried.

Okay. Earlier this year we had a public awareness and opinion survey that was conducted. I'm going to ask if Tracey Sales, communications consultant with the Legislative Assembly Office, can provide us with a short summary of that review and as well present the draft communications plan, which we all have a copy of. Tracey.

Ms Sales: Thank you, Madam Chair. As was mentioned, we did initiate a public opinion poll earlier this year. The objective of the poll was to assess overall public awareness of the fund throughout the province and to gauge public preferences for receiving communication about the fund and its performance. It had been about three years since the last poll, so we thought it was time to find out what the public was thinking and make sure that we're still in line with their preferences.

The results of the poll are based on custom questions that were fielded in a March 2010 survey. It was carried out by Environics Research Group, and interviews were conducted with 1,008 Albertans 18 years and older between March 1 and 9.

I've sort of categorized the results. The first topic is familiarity with the fund. Almost 6 in 10 Albertans report at least some familiarity with the fund; 2 in 10 say that they're very familiar with the fund. We found that men and older Albertans are more likely to indicate strong familiarity with the fund, as are the better educated and more affluent Albertans. We're also finding that there's a stronger familiarity within Calgary and Edmonton as compared to the rural areas, and there seems to be the least familiarity in northern Alberta.

9:50

Topic B, interest in fund investments: 7 in 10 Albertans express interest in knowing more about heritage fund investments, so 70 per cent of respondents said that they were interested in learning more about how the fund is invested, and 26 per cent are very interested, which I think is, actually, very good news.

The next category, participation in public meetings: 6 in 10 Albertans would be interested in attending a heritage fund meeting if it was held in their community. We're still seeing very similar demographics to the survey back in 2007, where those aged 30 to 44 and 45 to 59 seem to be our largest interest base, 63 per cent and 73 per cent interested in attending a public meeting. As far as those who said that they weren't interested, 1 in 3 said that their reason for not being interested in attending the meeting was simply that they felt they were too busy. Half of the respondents expressed an interest in participating in the fund from off site. As far as barriers to participating in the meeting from an off-site location, the largest tended to be lack of access to a computer or familiarity with online technology, at 29 per cent.

As well, the vast majority of Albertans agree that the public meetings are still a good way for them to find out information about the fund: 81 per cent agree that the public meeting is a good way for them to find out information about the fund; 22 per cent strongly agree that it's a good way for them to find out information about the fund. So they're obviously supporting the public meeting initiative.

Topic D was preferences for communication. We're still finding a trend, actually, which is interesting. Conventional communications seem to still be the choice for most Albertans; 40 per cent are still saying that they would like to be communicated with through mail. This is consistent with the surveys that we have held in the past. Newspaper is still very high, the second highest, at 18 per cent; television, 17 per cent. Social networking, websites, that sort of thing are a little bit lagging at 6 per cent still, so primarily our audiences are still interested in conventional communications methods.

That's a bit of a summary of the results.

The Chair: Are there any questions about the survey? Next Tracey will talk about the communications plan she's put together.

Ms DeLong: This is Alana. I've got some questions.

The Chair: Okay. Go ahead, Alana.

Ms DeLong: First of all, the Alberta heritage trust fund is only a piece of the savings funds that Albertans have, that the government has for the people of Alberta. I just sort of wonder: was there any attempt with this questionnaire to understand, you know, what the difference is between the sustainability fund and how these different funds are used? You talk in here in terms of the investments in the fund. Now, I would think that if you're a person who is responsible for their own RRSP investments, how the Alberta heritage savings trust fund is invested is interesting to them because they're trying to figure how to invest their own investments.

I would see that, you know, part of this interest in the fund must be just as an educational opportunity to understand how better they should be investing their own money. I see that as a part of the interest, whether or not it's an interest that could be looked at in terms of, well, if they were told that, hey, the investments that the fund makes are online, they can access and have a look. That might be fine for them in terms of their need.

I guess the other thing that I see is that you asked the question in terms of preferred means of getting information about public meetings. One of the possible ways of doing it would be by mail. Was there any indication that you provided to them in terms of what the costs would be for the different ways of communicating?

There's a whole series of questions that I've got there. I wonder whether you could address some of them.

Ms Sales: Okay. Well, thank you for your comments. As far as why people are interested in the fund, we didn't actually ask them what draws them to be interested in the fund. We just asked them if they actually were interested in finding out about the heritage fund and its performance and how it benefits Albertans. We didn't actually say: if you are interested, why is it that you're interested? I can't actually comment on what's inspiring people to be interested in the fund, whether it's for personal gain or whether it's because they actually have an interest in how the fund is being managed because it does affect them as Albertans.

As far as the second point, no, we did not at all indicate costing to the public. I would think it's important to find out how the public would prefer to receive information without trying to affect or

persuade their opinion with the cost. Do you know what I mean? The minute you do put a costing to something, I think that that could change their opinions on some things. I think that, ultimately, what we want to find out is what the most effective way to get through to them is. So, no, I don't actually have answers to either of those questions. But, then again, I don't know that I would have put the relation to the cost in there.

The Chair: Any other questions before we talk about the communications plan?

No. Why don't you go ahead, Tracey?

Ms Sales: Okay. Thank you. I'm just going to quickly walk you through the plan. It was posted online, so most of you have probably already sort of taken a glance through it. What you see here is a very general plan. The strategies recommended have been chosen because we're hoping that they would work no matter the location of the meeting. As the location has not been set, I can't get into specifics at this point within the plan.

Most of the recommendations also have been as a result of the information gathered through the omnibus poll. If we ask people how they'd like to be communicated to, generally speaking, a good starting point is to communicate to them in the way that they're recommending.

The strategies, as I said, are quite vague, but at the next meeting of the committee I can produce an action plan which is more specific to the public meeting. This is what we did last year. As I said, this is a general plan, but I can refine based on the location.

The three main aspects of the plan are to promote the public meeting locally, to extend the reach of the public meeting province-wide, and to measure the results. When we're speaking about promoting the public meeting locally, we're talking about advertising the meeting within the community where the meeting will be held through newspaper or direct mail. Now, either of these initiatives might be a better option depending on the location, so that's why I've thrown both out there. Those were the top two recommended ways to communicate to the public through the poll. But as I said, depending on the location, one might be more effective than the other.

Promote through the meeting site. We have actually found in the past that some of the meetings in the smaller communities were held in very active community centres, so definitely one of the stronger ways to promote to some of those communities is simply through the site itself, through posters, that sort of thing.

Updating the statistics card. We do have a stats card that we generally hand out at these meetings. It has very general information on the performance of the fund for the public as just a quick sort of glance so that they can update themselves with the information and feel a little more educated when it comes to the question-and-answer portion of the meeting.

10:00

The second, promoting province-wide. I'm recommending that we advertise in the weeklies and use media relations as well as communicating through teleconference to the public. One of the aspects that the committee had asked me to look into, actually, last fall following the public meeting was a way to bring the public meeting to the rest of Alberta. The meeting travels to a small community or sometimes a larger centre, but it's only one aspect of the community that's actually having the opportunity to attend the public meeting. They asked me to widen the scope, so I'm recommending teleconferencing.

Teleconferencing is actually a very cost-efficient way to open the

door to all Albertans to participate in the meeting. They can listen as well as ask questions of the committee from an off-site location. If you'll remember, when I was going through the survey results, 50 per cent of Albertans said that they would be interested in participating off-site, but the biggest barrier to their participation might be the fact that they aren't very familiar with online applications or they don't have access to a computer or maybe not high-speed Internet, that sort of thing. The really positive thing with telecommunications is that it's very simple technology. All we need is a telephone, all they need on their side is a telephone, and then they're in contact with the committee.

With the province-wide advertising, of course, the strategy there would simply be that we need to let the public know that this service is available, so we'll have to advertise so that they know they can in fact participate through teleconferencing.

As far as measuring the results, at the end of every public meeting we hand out surveys to those in attendance. As well, we will track on- and off-site participation, and we'll use the website statistics to gauge public visits to the website.

That's the plan.

The Chair: Okay. I think we've got two questions. George.

Mr. Groeneveld: Yeah, a question. How many people usually attend these meetings?

Ms Sales: You know what? It actually does vary. I would say that we've tended to get a higher participation in the rural communities as opposed to the urban. The smaller centres seem to bring a lot more people out.

As far as exact numbers I can say that since I've been involved, participation has ranged from 70 to 25, so it's been quite a large range. We've had a meeting where we've had as many as 70 public in attendance, and we've had a meeting where we've had as few as 25 since I've been involved. It really does depend.

The Chair: Doug.

Mr. Elniski: Thanks very much. I like the overall direction of the plan, but I do have a question. I know teleconferencing is certainly one way to attract people, but frankly maybe it's time we started to look at whether or not this particular meeting should be on television. We do have, of course, the option with respect to Shaw. Have we ever engaged Shaw with regard to finding out how much it would cost them or some other service provider, I suppose – I'm not really sure who else it would be – to actually come out and shoot the meeting and then rebroadcast it at some other, later date? Have we ever thought about the cost of doing that?

Ms Sales: I haven't actually looked into that particular aspect. I did look into the cost of basic video conferencing, and at the ground level, just to have the technology there on-site with us, \$7,000 just for the actual equipment, not even including services, broadcasting, that sort of thing. If you like, I could do some research and find some costing for the committee.

Mr. Elniski: Well, my goal for the average citizen in the province is to make this really, really easy. There's, really, virtually nothing easier than the green button on your remote. If that's what we need to do in order to promote public interest in this particular process, then I'd certainly be interested in knowing what it would cost, at least, so that we had some idea whether it was something we could afford or not.

Ms Sales: Okay. Well, like I said, I haven't actually looked into that initiative because, of course, I was trying to work within the budget.

Mr. Elniski: You were doing other stuff, yeah.

Ms Sales: Well, I was working within the budget that was given to me as well. But what I can do is I can find out that information for the committee and then through the committee clerk pass it on to the rest of the committee just to take a look at and have that information.

Mr. Elniski: I'd be very interested. Great. Thank you.

Ms DeLong: Chair?

The Chair: Yes. Go ahead.

Ms DeLong: Further to that, right now, of course, we've got it set up so that question period is telecast, and it is telecast live. I'm wondering whether or not we could possibly set it up so that, just like we have question period, we would have this broadcast live. It seems to me that we could at the same time perhaps receive e-mailed questions that we could deal with live during the meeting. That way, you know, a lot of people could get involved. They could listen to it or watch it on their computers live and be able to send in an e-mail, essentially live, that we could deal with during the meeting.

Ms Sales: Right. Okay. I think I understand what you're saying. The first comment, to do with session: of course, I don't know if we will be, in fact, in session when the meeting is held because we don't know when the meeting is going to be held yet.

Ms DeLong: Oh, no. I don't mean that we would have it during question period. I'm just saying that right now there is a facility set up so that we can broadcast live. That whole system is already set up. This is, you know, also looking at the possibility of, for example, using the Legislature as our central site to have our meeting.

Ms Sales: Right. Okay. Well, the public meeting traditionally is a travelling meeting. I do know that in the fall of last year the committee did look into the legislation and whether or not the meeting could be held at a central location such as one of the committee rooms here or in the Legislature Building, et cetera. I believe that the decision was that it was a travelling meeting. I don't know that we could actually make use of any of the technological advances that this building or the Legislature Building right now contain because I don't think that's an option. I think we do have to travel.

Ms DeLong: You had a look at the legislation, then.

Ms Sales: I believe the committee did. I don't know if anyone else has better information on that. That's my understanding.

The Chair: I wasn't on the committee last year, but my recollection, just after being appointed chair, is that I did see that there was an interpretation done by legal. It seems to me that I saw something that indicated a discussion around the fact that the committee would still look at travelling in different parts of the province but see if there are other ways to open it up. I don't have that information with me.

Ms DeLong: Okay. Thank you.

Mr. Groeneveld: Chair, just a comment. I see the communication budget is \$65,000, but what is the actual cost that we know to have this meeting?

Ms Sales: The costing is in the plan. The estimated costing I have at \$50,000. Now, again, that is a very general costing because we don't know the location of the meeting at this point. That could fluctuate a little bit. What I tried to do for you is give you a higher end cost based on the strategies recommended in the plan. Now, if we were to include some of the options that have already been recommended, of course that could affect the cost quite considerably.

Mr. Groeneveld: Yeah. No doubt.

The Chair: Kevin.

Dr. Taft: Thanks, Madam Chairman. I haven't been at one of these meetings before, so I don't know the background to this, but I have to express concern that we're proposing to spend \$50,000 on one meeting. It rocks me a little bit to consider that. With your comments about how many people attend these, maybe 25, maybe 70 – certainly, the experience of the current meetings on the health act would confirm that – it just seems like the benefits are way out of proportion to the costs here. Maybe you guys deal in different budgets than we do in the opposition, but I've got to speak up for the taxpayer here, that 50 grand for one meeting just seems way out of line.

10:10

Ms Sales: Okay. Well, thank you for your comments. Advertising is expensive. Absolutely, it is. Unfortunately, it is one of the only guaranteed ways that we have to ensure that we get that message out to the public. If we don't invite the public to attend the meeting, if we don't tell the public that this meeting is happening, we're not giving them the chance to participate or to attend. We can't control if the public chooses not to attend for whatever their personal reasons are, but at least through a plan like this we can ensure that we've done our best at letting as many people know as possible that this meeting is taking place, and we've given them the opportunity to come.

Dr. Taft: If I may just follow up.

The Chair: Sure, and I just wanted to comment, too, that we have a legislative responsibility to proceed with a public meeting, but presumably the benefits of the advertisement go beyond just that one meeting, right?

Ms Sales: I would think that, in fact, it does. I would think, in fact, that if people see the advertisement – we do, of course, provide the e-mail address, as Ms DeLong had mentioned – they could in fact e-mail questions to the committee should they have them. We do, of course, direct them to the website, where again there is more information on the committee as well as links to the Finance website so that they could find out more information on the fund. Even if the public doesn't actually attend the meeting, there is nothing to say that they don't actually go and find out more information about the fund. Do you know what I'm saying?

Dr. Taft: I do.

Ms Sales: It does encourage that.

Dr. Taft: I look at topic D on page 2 of this memo, communication preferences. This is the opinion poll summary. Just to quote from it: "Albertans prefer to receive information about meetings in their area, and about the performance of the fund in general, through conventional communications channels. Primarily, mail, newspapers and television." It doesn't say here that people want this meeting. We have an obligation under the law to hold the meeting, but I'd like the committee to consider spending a lot less on the meeting. Hold the meeting at the McDougall Centre or some community hall, wherever, and spend that more on advertising that informs people about the fund rather than about a meeting that they're very unlikely to attend.

I can see the value of educating the public through advertising about the performance of the fund and the website and so on. To me, that's much higher than the value of advertising a meeting where we might get 50 people.

Anyway, I am struggling with the budget for a meeting.

Ms Sales: Can I respond, though, to your last comment?

Dr. Taft: Sure.

Ms Sales: The vast majority of Albertans agree that public meetings are a good way for them to find out information about the fund, and 81 per cent of respondents agreed with that comment. I would say that from the poll, which does represent feedback from 1,008 Albertans, 81 per cent of them are saying that they do think that the public meeting is a good way for them to find out information about the fund. So we did ask the question, and that was the answer. I think they are telling us that they do consider that a good way.

Dr. Taft: Okay. I would just say, then, to wrap it up from my end, that what people say that they'll do in a poll and what they actually do when it comes to 7 o'clock on an evening and going to a meeting are really different. All of us probably have experiences with public meetings where we're happy if 50 people turn up. To spend \$50,000 on a committee meeting that achieves that is not responsible, in my view.

The Chair: Do we have any other questions for Tracey?

Mrs. Forsyth: I just want to comment if I may, Madam Chair. Tracey, I just want to ask you a question. Alana DeLong made a reference to it, and it's the technology. It will be interesting to see when we move to the next item, in regard to the website hits. Is there any way we can incorporate on the website people's comments alongside the meeting so that they have the opportunity to go on the website, put comments, ask questions? I know that when I was chair, we were getting an awful lot of hits on that. I'm somewhat on the line of Dr. Taft with the cost to host a public meeting and being a former chair and disappointed at the low turnout of people that attend.

Ms Sales: Okay. Well, thank you for your comments. Actually, the website hits that will be covered following this topic have to do with the finance website, not the committee website.

As far as looking into other avenues of online integration, that sort of thing, I can definitely find some information on these other avenues that the committee has asked me to look into. As far as broadcasting on TV, as far as finding out how we could integrate some of these technologies through the website, I can find out some information on that for the committee.

I know that we did look into various options prior to the recom-

mendations that I have made in this report. There are a lot of questions regarding new technology, one of them simply being whether information is part of the official record or not. So there are still a lot of questions as far as how to use the technology. That being said, I can look further into some of these options and provide some information anyway for the committee, and if at that point they would like me to add initiatives to the plan or adjust the plan, I can do so.

The Chair: Okay. There are a couple of things that we have to do here. We don't so much have to set a specific date today, but we do have to have the discussion about the location so that we can proceed to do some follow-up work. I think, Tracey, even though there are still a lot of details that have to be worked out and you've had some new ideas today, my understanding is that you need a motion to approve this broad communication plan.

Ms Sales: Yes. That would be great.

The Chair: Then you will get back to us with the answers to some of the questions that were asked and some of the ideas that were presented.

Ms Sales: Absolutely. Then, I guess, once the committee has that information in front of it, if we need to adjust items in the plan, we could do so at that point.

The Chair: Is someone willing to make that motion? George.

Mr. Groeneveld: Just a comment on that. I think Tracey said that rural Alberta traditionally would have a higher attendance. It sounds by the act that we have to have a meeting, so we may as well do that this year until we change that. Art, I'm not going to cut you off here. I was just thinking, you know, that perhaps Lethbridge, Medicine Hat, and Grande Prairie are considered rural Alberta. We haven't touched any of those. Of course, I lean a little bit towards Lethbridge because I happen to come from that end of the country. Art, go ahead. I don't want to cut you off.

Mr. Johnston: Are you still regarding the motion?

The Chair: Absolutely. Art, will you make that motion?

Mr. Johnston: Yes, I will move that we adopt the communications plan for 2010.

The Chair: Okay. Any questions? All those in favour? Any opposed? That motion is carried.

Now we'll just have a quick discussion, and George has already laid out a suggestion. Generally, the public meeting is between September and November. I know that the last several years it has gone back and forth from Calgary to Edmonton. It does seem, looking at the geographical list, that the deeper south is probably due for a meeting, and George has thrown out a suggestion for Lethbridge. Let's just have a quick discussion on locations and see if we can come up with some kind of agreement.

10:20

Ms DeLong: Actually, if we do have to have a meeting, it seems to me that it should be in a rural area. I would actually recommend that it be in George's area because it is close enough to Calgary that people from Calgary can still quite easily get there, yet it is solidly rural, and it is in the southern part. I know it's still pretty close to Calgary, but I think that that should be considered.

The Chair: I should also throw out that George VanderBurg had at some point in the last several weeks offered to help out with a meeting in his area. Now, he had a trust fund meeting out there quite a while ago.

Mr. Elniski: Quite a while ago, yes.

The Chair: Years ago and had a record-breaking attendance. So in the cycle of meetings he was certainly willing to organize something out in that area again, and that would fit as well with the rural.

Mrs. Forsyth: Madam Chair, if I can. I like where Alana is going with having it in George's riding. We haven't had the deep south. High River is a bustling community and a very active community, as someone who has a golf membership out there. I, quite frankly, think that we would probably get a good turnout, so I would support what Alana is saying. I haven't had the opportunity to speak to anybody on the committee, but I like that it's close to Calgary. It's also close to – oh, gee. George, can you help me out? What's the area right beside it?

Mr. Groeneveld: Okotoks.

Mrs. Forsyth: Okotoks, yes. Thank you.

The Chair: It's very close to last year's meeting as well.

Mr. Elniski: Very near. Yes, it is. It's very close to last year's meeting. I don't know if we can move it there. I don't have a real issue with that – you know, swapping it around – other than maybe the optic of that, but we still have to bear in mind that we have basically kind of ignored the west, and we have kind of also ignored the north. If we do decide we want to go deep south this year, then I just want to throw out there that we need next year . . .

Mrs. Forsyth: We had a meeting in Jasper. I think it was Jasper.

Mr. Elniski: Did we? How long ago was that?

Mrs. Forsyth: Well, it was Calgary last year.

Mr. Elniski: Yeah. It was Calgary, Edmonton, Red Deer, Vermilion, Calgary. Would it have been prior to 2005, Heather? Well, it would have had to have been.

Mrs. Forsyth: I know it was in Jasper.

Mr. Elniski: Have we ever gone to Grande Prairie or up north anywhere? Do you know, Heather?

Mrs. Forsyth: No. I can't answer that. I'm sorry, Doug.

Mr. Elniski: Okay.

The Chair: In 2003, yeah.

It sounds like we all agree it should be in rural Alberta or out of the two major cities. Is that right?

Mrs. Forsyth: Agreed.

Mr. Elniski: Yeah. Absolutely.

The Chair: That might be enough for us to do some investigative

work in terms of what would be available. Do we need to narrow down the community right now, or can we start working on the rural?

Mrs. Forsyth: If I may, Madam Chair. If we're talking about rural and we've talked about Calgary, Edmonton, have we ever thought about the idea of having one in central Alberta?

The Chair: Yes.

Mrs. Forsyth: You know, you've got lots of areas. You've got Red Deer, for example. I'm not sure if we've ever had a meeting in Red Deer.

The Chair: In 2007, not very long ago. We've got the whole list here. It does look like it should be rural. Just to go through, we had Calgary, Edmonton, Red Deer, Vermilion, Calgary, Redwater, just going back a few years in time.

Mrs. Forsyth: But we really haven't had anything in rural southern.

The Chair: No, not deep south. I think that's why George had mentioned that Lethbridge might be good. It has been a long time since going down there.

Mrs. Forsyth: I'm fine with Lethbridge.

Mr. Elniski: I move that
we go to Lethbridge.

The Chair: We'll start looking. We'll look in the Lethbridge area. Okay.

Mr. Elniski: That should be pretty easy, I think.

The Chair: Doug, you'll make that motion?

Mr. Elniski: Yes.

The Chair: Okay. Is there any discussion on that? All those in favour? Any opposed? Okay. That motion is carried.

You've all got a copy on the number of website hits. Does anybody have any questions or comments about that?

Dr. Taft: Madam Chairman, I just stepped out for about 15 seconds. Did you hold the vote on the communications plan while I was out?

The Chair: I'm sorry. Were you not here?

Dr. Taft: I was just out.

The Chair: In very broad terms, Tracey is going to consider all of the ideas that were suggested.

Dr. Taft: So you did hold the vote while I stepped out?

The Chair: I'm sorry. I guess we did. I didn't notice that.

Dr. Taft: Okay. Well, just for the record I would not have supported the motion. I just have too much trouble with it.

The Chair: Okay. We will note that.

Dr. Taft: I do have questions. It's nothing about your work personally. I just have trouble with the budget.

On the website hits, since you asked, Madam Chairman, about comments on this, there are so many different measures of website activity. I know this is addressed briefly in the cover memo from Dr. Morton, but I would be interested if we could get some sense of how much time each visitor is spending and what pages they are spending time on, something in greater depth than this. Hit counts alone, as you know probably far better than I do, can overstate what's really happening on a website. If it's possible for us just to get a more thorough profile of the website activity, I think that would be helpful to the committee.

The Chair: Nick, is that something that we could look at?

Mr. Kaczmarek: Yeah, that is something we can look at. I'll take that back to the department and see if we can come up with some more information for the committee.

Dr. Taft: Perfect. Thank you very much.

The Chair: Thank you.

Okay. Is there any other business to raise?

If not, the next meeting will be at the call of the chair, and that will be to review the first quarterly.

I wonder if someone can move that we adjourn.

Mrs. Forsyth: I'll move that we adjourn, Madam Chair.

The Chair: I'll note that, Heather.

George just has a comment.

Mr. Groeneveld: Do we have kind of a broad date?

The Chair: Not yet. Only between September and November.

Mr. Groeneveld: Okay. Well, that's pretty broad.

The Chair: Yeah, I know it is pretty broad. We will poll the members, and of course I'll want to check with the minister to see if he and the deputy minister can participate in that. We've got a fair amount of polling and looking at sites and whatnot.

Mr. Groeneveld: That's all I was looking for.

The Chair: I'll keep in touch with the committee.

Heather moved that the meeting be adjourned. All those in favour? Motion carried. Thank you. Have a good day, everyone.

[The committee adjourned at 10:27 a.m.]

