



Legislative Assembly of Alberta

The 28th Legislature
First Session

Standing Committee
on the
Alberta Heritage Savings Trust Fund

Thursday, February 21, 2013
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First Session**

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

Quest, Dave, Strathcona-Sherwood Park (PC), Chair
Jablonski, Mary Anne, Red Deer-North (PC), Deputy Chair

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Casey, Ron, Banff-Cochrane (PC)
Dorward, David C., Edmonton-Gold Bar (PC)
Eggen, David, Edmonton-Calder (ND)
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Sandhu, Peter, Edmonton-Manning (PC)
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**Standing Committee on the
Alberta Heritage Savings Trust Fund**

Participants

Ministry of Treasury Board and Finance

Hon. Kyle Fawcett, Associate Minister of Finance

Rod Matheson, Assistant Deputy Minister, Treasury and Risk Management

Darcy Scott, Public Affairs Officer

Alberta Investment Management Corporation

Leo de Bever, Chief Executive Officer

A.J. (Pine) Pienaar, Senior Vice-president, Client Relations

1:31 p.m. Thursday, February 21, 2013

[Mr. Quest in the chair]

The Chair: Good afternoon, everybody. We'll call the meeting to order. Welcome, everybody, and thank you for being with us this afternoon.

We'll start with introductions for all that are at the table here, starting with Mr. Casey.

Mr. Casey: Ron Casey, Banff-Cochrane.

Ms Kubinec: Maureen Kubinec, MLA, Barrhead-Morinville-Westlock.

Mr. Dorward: David Dorward, MLA for Edmonton-Gold Bar.

Mr. Scott: Darcy Scott, communications branch, Treasury Board and Finance.

Mr. Pienaar: Pine Pienaar, AIMCo.

Dr. de Bever: Leo de Bever, AIMCo.

Mr. Fawcett: Kyle Fawcett, MLA, Calgary-Klein, Associate Minister of Finance.

Mr. Matheson: Rod Matheson with the Treasury Board and Finance department.

Mr. Driesen: Rob Driesen, office of the Auditor General.

Mr. Ireland: Brad Ireland, Auditor General's office.

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

Ms Dean: Shannon Dean, Senior Parliamentary Counsel and director of House services.

Mr. Sandhu: Good afternoon. Peter Sandhu, MLA, Edmonton-Manning.

Mrs. Dacyshyn: Corinne Dacyshyn, committee clerk.

Mrs. Jablonski: Mary Anne Jablonski, MLA for Red Deer-North and vice-chair, I guess, here.

The Chair: That's great. Welcome to everybody, and thank you.

Do we have anybody on the phone? Not at this time? All right.

Okay. The meeting materials were posted on the internal committee website. Everybody has got them?

Microphone consoles, of course, are operated by the *Hansard* staff. If you could keep your cellphones off the table, just like I just did, because they may interfere with the audio. Audio of the committee proceedings will be streamed live on the Internet and recorded by *Hansard*. Audio access and meeting transcripts can also be obtained via the Leg. Assembly website.

The first item is the approval of the agenda. Everybody has got one? Great. Then if I can get a motion to approve the agenda. Peter Sandhu. All in favour? Everything is good.

Also in the same package will be the minutes of the September 6 meeting of this committee. I need a motion to approve those also. Mr. Casey. All in favour? Approved. Thank you.

We'll go to the heritage trust fund second- and third-quarter reports. We got them both at the same time today. They were distributed to all members of the Assembly on November 28. That was the second one. The third-quarter report was distributed just

the other day, on February 19. As you know, the Alberta Heritage Savings Trust Fund Act indicates that one of the functions of the committee is to receive and review these quarterly reports on the operation and results of the operation of the heritage fund.

We're pleased to have the Associate Minister of Finance, Kyle Fawcett – welcome again, Kyle; great to have you here – and Dr. Leo de Bever, chief executive officer of AIMCo, here to assist us with our review of these reports.

We'll go first with Minister Fawcett.

Mr. Fawcett: Sure, and I'll just hand this over to Leo.

The Chair: That was quick.

Dr. de Bever: Well, I guess it's a good-news story in the sense that markets have been kind to us. On a running 12-month basis – and there's still a month left to complete the fiscal year – we're running about 11 per cent. These are third-quarter numbers, so they have a lower number, but if you factor in what's happened since, that's roughly what we're running.

Now, as I've said before at these meetings, I don't take credit for what markets give me, but what's encouraging is that the organization we've built in the last three or four years has been able to add an extra couple of percentage points over what markets give us, and that's the difference between the actual return and the benchmark return. Two per cent on \$17 billion is not insignificant, and we hope to be able to do that consistently.

Given that it is a good-news story, there's probably less to agonize over, so I'd leave it at that and ask for questions.

The Chair: Well, thank you. I myself think you need to take some credit. As I mentioned, I get people asking me all the time what they have to do to get you to look after their investments. You're doing a fabulous job.

With that, we'll open up for questions from the committee members.

Mr. Casey: On page 4 I wonder if you'd just explain the net income retained in the fund.

Dr. de Bever: Page 4?

Mr. Casey: Of the third-quarter update. I'm sorry. Are we there yet? No?

The Chair: We can be. If there's nothing on the second, then we can certainly go to the third, and I don't mind moving back if there is. So that was page 4 of the third quarter. What was the question?

Mr. Casey: Well, the question was that I wonder if you would mind just explaining the "Net income retained in the Fund" line there, just for my clarification.

Dr. de Bever: Well, you know, the numbers, I think, speak for themselves. The gross investment income is \$986 million in investment expenses, and I should point out that they are particularly high this time because the way it works is that for the money we manage internally, if we exceed market returns, roughly 5 per cent goes to the managers, and 95 per cent goes to the heritage fund. But for externally managed funds 85 per cent goes to the heritage fund, and 15 per cent goes to the managers. So that's why that number, compared to, say, the previous year, is higher, because we have a higher value-added component. That gives us a net income of \$901 million, and then, of course, government policy dictates that \$608 million goes to general

funds, and that leaves you with \$293 million retained in the fund. I suspect that that's mostly inflation-proofing.

Is that what it is?

Mr. Matheson: It is.

Mr. Casey: Now, just for clarification, that was the budget, total year, but in the Q3 we had \$714 million transferred to general reserves. Under what formula does that get transferred?

Dr. de Bever: As I understand it – and Rod can follow up on that – it's the gross income minus inflation-proofing that goes to general revenues.

Mr. Casey: Okay. Thank you.

The Chair: Okay. Any other questions on either the second- or third-quarter report? Mrs. Jablonski.

Mrs. Jablonski: Thank you, Chair. Also on page 4, referring to the numbers we just talked about, we're showing in the third quarter a transfer to the general revenue fund of \$714 million. In the budget, total year, we're showing \$608 million. What's the difference in those two numbers?

Dr. de Bever: Well, unfortunately, markets do not perform like clockwork, so what we budget for is in some sense what we wish for. What actually happens is the result of markets and what my managers are able to produce in return. That's the difference. Markets in the short run are very stochastic or are very random in what they do, so it's very hard for Finance to budget with any accuracy what they're going to get out of the heritage fund on a short-term basis.

Mrs. Jablonski: So the \$714 million was the projected, budgeted amount, and the \$608 million was . . .

Mr. Fawcett: No. It's the other way around. We've actually done better than what was budgeted.

Mrs. Jablonski: That's what I wanted to hear. Excellent. Thank you.

The Chair: Okay. I'd also like to welcome Dr. Sherman, who joined us here a few minutes ago.

A question, Mr. Dorward?

Mr. Dorward: More of a statement, but it might form a question here somewhere, I guess. By my reading, we're going to do a \$608 million transfer to the general fund, and at the end of the third quarter \$714 million has been transferred. We're ahead, but there's still a quarter to go. So this is good news.

1:40

Mr. Fawcett: I would assume that, as mentioned, we really don't have control over the markets. If something happens in the markets in the last quarter, that could change, actually increase more or could possibly decrease as well. This is a snapshot of a point in time throughout the fiscal year, the third-quarter date.

Mr. Dorward: Further to that, Mr. Chair, I did want to comment on the fact that – and I just looked at the stats; I'm sure we'll get to them later – there has been an uptick in the last three quarters of 2012 and so far this year in people going to the website. There is more conversation regarding the heritage trust fund out there, I think, in Alberta. It was mentioned at the economic summit, that

the government held a couple of weeks ago. I sense that more Albertans will engage. It seems to me that they are.

In that regard I think that it would be really prudent to have – and I don't know. Is this in your purview, the information, the annual report?

Mr. Matheson: The department's.

Mr. Dorward: Okay. So the department creates it.

If you look at the evolution of corporate financial statements or annual reports over the last five, six, seven, eight years, they've become much more user friendly. Certainly, these quarterly reports aren't the ones, necessarily, that the public would see. I'm not criticizing anything with respect to the report at all, but I think that with the annual report we should potentially get ready for: if this situation carries on, then there will be more people who will be interested in the fund.

There's a lot of what I love to go to here, which is starting on page 5 or 6, but not all Albertans do. I think it would be good to really pause and say: are we explaining everything that can be explained simply to Albertans in a way that they could read it? Mrs. Jablonski had a question respecting that portion, you know; for example, what does it mean to have money retained in the fund versus the general revenue fund? Teaching these kinds of lessons in simple ways is not very easy, but the corporate world has managed to address that somewhat and be able to teach the story of the business in the annual report and stick the accountant stuff in in a bare minimum way at the end and so have most of the information that they can benefit from.

I'm glad that Albertans are paying attention and listening, and I hope more do. We need to maybe be ready for that with the annual report, just thinking ahead. Thank you.

Mr. Fawcett: We'll take that under advisement.

The Chair: Did I actually hear the accountant say that we need to stick the accountant stuff to a bare minimum? Is that what he said?

Mr. Dorward: Absolutely.

The Chair: That will be on the record, too.

Mr. Dorward: It's always available to us. You know, we can find it.

The Chair: All right. Well, that's in *Hansard* for all time. Thank you, Mr. Dorward.

Mrs. Jablonski, you had a question, too?

Mrs. Jablonski: Yes. Thank you. Kyle mentioned – and so did Dr. de Bever – that, of course, you can't really predict the markets. However, I'm sure that you do some projections when you bring your numbers forward. I'm just wondering if your projections are positive for the next quarter at this point. Where will the next quarter take us?

Dr. de Bever: I hate to tempt fate, but we're almost two months through the last quarter, and year to date, so calendar year to date, which is the last quarter, we're up about 3 and a half per cent. But, you know, that could change at the drop of a hat, so don't count on that. Markets do strange things.

Mrs. Jablonski: Thank you.

The Chair: Okay. Dr. Sherman.

Dr. Sherman: Thank you, Mr. Chair. Thank you to everyone from AIMCo. I have two questions. When adjusted for population growth plus inflation, in relative dollar values what was the fund worth in 1986, and what is it worth today?

Dr. de Bever: I think that's a Rod Matheson question. You know, it hasn't changed much. It's in there somewhere.

Mr. Matheson: We don't put that information in the quarterly reports. It was requested to be put in the annual report, which we now do, starting with the last annual report, '11-12. We show a chart and we will continue every year to show a chart that tracks the inflation-adjusted value on a per capita basis of the heritage fund. I'm referring to last year's annual report. At the last fiscal year-end, 2011-12, the adjusted value – it's a chart – looks like about \$1,100 per capita.

Dr. Sherman: And what was it back in '86?

Mr. Matheson: In 1986 it was a little over \$2,000.

Dr. Sherman: Okay. A second question is to the associate minister, Kyle Fawcett. This fund was set up to save nonrenewable resource revenues and to manage that revenue to generate returns, and I'm pleased to see that we've had positive returns in the last quarter. That's a very good thing. With current fiscal policy – I don't know if we can get into that here in this committee or not – when does the government expect to put nonrenewable resource revenue into this fund? In a quarter-century we've only put about \$3 billion away, I understand.

Mr. Fawcett: Sure. What I will say is that this is something that we've gone out and talked to Albertans about over the last five or six months. I would stay tuned for the budget. I think you'll see a clear direction from the government in the budget.

The Chair: Yeah, you're right. Dr. Sherman, we're kind of well over into a policy and forecasting question there, so a little outside the purview of this committee.

Mr. Sandhu: Dr. de Bever, looking at page 5, investments, real estate is at 16.9 per cent and at the end of March 2012 15.4 per cent. That's long-term investment?

Dr. de Bever: Yes. These are direct holdings of shopping malls and office towers and things like that.

Mr. Sandhu: They're all invested in Alberta?

Dr. de Bever: No. They're globally diversified. There are a couple of per cent abroad. Most of it is Canadian. We're looking more abroad for the incremental because all the good stuff in Canada is already owned by pensions and endowments, so there's not much to buy. We have a fair chunk in Alberta in Edmonton and in Calgary, but it's diversified across Canada.

Mr. Sandhu: My second question: are we able to buy land, like, bare land close to a big city like Edmonton, Calgary – you know, both cities are growing – to invest money in?

Dr. de Bever: Yeah. We do have some land. For instance, in Calgary we are right now developing some land on the industrial side, and we've held that for a long time. But you should understand that for the manager that is actually a drag on short-term returns because he doesn't get any income whereas the benchmark against which he's measured has been rising at about 10 per cent a year. So holding land, even though it's in the long

run probably a good proposition, in the short run can be a drain on reported revenue.

Mr. Sandhu: We see the population growth coming to Alberta every year and these two big cities growing. Even from the Anthony Henday southwest right in the middle of the south and going into it, you can see that we can buy more land.

Dr. de Bever: That's right. I would say, though, that real estate is probably one of the asset classes that keeps me awake at night because it has done so well. It's been the best-performing asset class since 2000, over 10 per cent, and we've done, I think, 37 per cent over the last two years. So that's clearly not sustainable, and it's, of course, in part because of dropping interest rates and the drop in capitalization rates.

Mr. Sandhu: When you're seeing, like, 15.4 per cent and 16.9 per cent, are you investing more money?

Dr. de Bever: No. This includes the return. This number is strictly the return on the capital invested. This would be cash flow coming off it plus increase in the value of the underlying assets. That increase in value can come from two sources. If the rental flows coming off the property rise, then the discounted present value goes up, and the other reason is associated with what you started with, which is that if you develop land, then it becomes more valuable because it has a higher economic purpose.

Mr. Sandhu: Thank you.

The Chair: All right.

1:50

Mr. Dorward: Respecting page 5, the asset mix, 7.8 per cent in December 2012 is Canadian public equities. Is it a fair question, or could you get back to us on what proportion of the fund is invested in banks, firstly, or financial institutions, I guess I would say? If you don't have that at your hand, that's fine. However, I would ask you to comment about whether banks are good on the risk/portfolio side of things or the return if we do or don't invest in banks.

Dr. de Bever: Okay. I have to get back to you on the exact amount. I don't think we are particularly active in Canadian banks, but Canadian banks have done well. They went through the 2008 great recession with little difficulty. I was in the Netherlands a month ago just at the time one of their banks went bust, and that's been a fairly common occurrence in Europe and in the United States. But either by luck or skill we managed to avoid that in Canada.

I can get you the numbers invested in financial institutions. I know that globally, which is what I'm more concerned about, we don't have an overexposure to financial institutions. Our exposure is geared to the better markets and the better parts of those markets. For instance, in Europe – that is, northern Europe – it's the insurance parts of the financial business.

Mr. Dorward: Just a comment. The government of Alberta is invested, of course, in ATB indirectly through their own board of directors. But being a Crown corporation I think is the nature of that entity, where we're exposed in the banking world already through ATB, I guess.

Thank you.

The Chair: Okay. Well, if there are no further questions, then if I could get a motion that

the Standing Committee on the Alberta Heritage Savings Trust Fund receive the 2012-13 second-quarter report on the Alberta heritage savings trust fund as presented.

Mrs. Jablonski. All in favour? Carried.

For the third quarter if I could get the same motion, that the Standing Committee on the Alberta Heritage Savings Trust Fund receive the 2012-13 third-quarter report on the Alberta heritage savings trust fund as presented.

Mr. Sandhu. All in favour? Carried.

This takes us to item 5, the draft Alberta heritage savings trust fund 2013-16 business plan. Now, the draft business plan was posted on the internal website. The fund's business plan needs to be approved by this committee.

Mr. Fawcett, if I could just get you to talk about that for a few minutes.

Mr. Fawcett: Yeah. Thank you, Mr. Chairman. I'll be brief with this. I want to present to you the 2013-16 business plan for the Alberta heritage savings trust fund. It is similar to last year's business plan but has been streamlined somewhat. This streamlining of the business plan reflects what is being asked of all ministries, to produce a more focused and streamlined business plan.

Goal 1 remains the same, and that's to maximize the long-term returns at a prudent level of risk. This certainly speaks to the fund's mission, which is outlined in the heritage fund act, and that is "to provide prudent stewardship of the savings from Alberta's non-renewable resources by providing the greatest financial returns on those savings for current and future generations." So that is remaining intact.

However, goal 2, which has been in previous business plans, is being deleted. It used to read: "Ensure the Heritage Fund aligns with the fiscal goals of the province." That's been a bit problematic as there's not a clear way to measure whether the fund is aligned with the province's fiscal goals. If we're trying to make money with a reasonable level of risk, does that not align with the fiscal plan, or would the fund be more aligned with the fiscal plan if it were invested in some other way? Removing goal 2 eliminates a source of ambiguity and brings the business plan into sharper focus.

Moving on to the rest of the plan, priority initiatives that supported goal 1 also remain. We've also retained an initiative that used to support goal 2 but also supports goal 1. That leaves us with the following initiatives: through an ongoing review process, ensure the asset mix is best positioned to achieve the goal of maximizing long-term returns at a prudent level of risk; develop a risk measurement system that monitors the risk characteristics of the fund; and monitor and measure the risks faced by the fund and the government.

I would not expect any major changes in how the fund is managed as a result of this streamlining of the business plan. On budget day the government, as I mentioned, will be putting forward a budget that will include a savings plan, so please stay tuned for that. Obviously, the heritage fund will have an important role to play in how the government saves for the future.

With that, I would turn it over for any questions.

The Chair: All right. Questions, anybody? Mr. Dorward.

Mr. Dorward: Yeah. Kind of a statement but first a question. What do we do with this, and when do we do it? What do we do with this business plan? It's a draft, but when is the final, where does it go, and when?

Mr. Fawcett: You guys approve it, and then it's published with all the other government business plans at budget time.

Mr. Dorward: All right. It may be a timely issue, but the associate minister made some kind of comment: if things change on March 7. I just wonder if we should reflect a change from March 7, but we don't know if there's any change on March 7, so I'll stick to what's here. It says, "Goals, Priority Initiatives and Performance Measures." I would suggest we remove the "s" on the end of measures and get rid of goal 1 as there is only one goal. Would that be appropriate? Are there no more goals? Just one? Am I missing pieces? It's just the two pages, I'm guessing.

Mr. Matheson: Yes.

Mr. Dorward: I mean, if I read this, I'd say: goals? There is only one goal now, to maximize long-term returns at a prudent level of risk. So I'm just saying: why do we have the words "Goal One"? Other than that, it looks good.

Mr. Fawcett: I think those are semantics.

Mr. Dorward: Yes.

Mr. Fawcett: But if you want, we could certainly make appropriate changes. We'll take out the "s" and take out "Goal 1" if that's the will of the committee.

The Chair: Sorry. We've got somebody on the phone now. All right. Who's with us? Mr. Anderson, you're there?

Mr. Anderson: Yeah. You bet. Is it a 2 o'clock start time – I have it in my calendar – or did we already start?

The Chair: Nope. Somebody plugged it in wrong for you. We started at 1:30, but welcome.

Mr. Anderson: Oh. Jeepers. All right. Sorry about that. Thanks.

The Chair: We're on item 5, the draft business plan for 2013-16, and we're just doing questions now.

Mr. Anderson: All right. Thanks.

The Chair: All right. So you gentlemen are going to clean up the "s" or whatever it is we're going to do. Other than that, any other questions?

Well, that being the case, if I could get a motion that the Standing Committee on the Alberta Heritage Savings Trust Fund approve the 2013-16 business plan as revised.

That would be the bit with the "s."

Ms Kubinec: I'll move it.

The Chair: Ms Kubinec. All in favour? Mr. Anderson?

Mr. Anderson: I'm going to abstain for the time being on that. Sorry.

The Chair: The clerk tells me that you can't abstain, so we'll need you to do either vote.

Mr. Dorward: He can leave, and then we don't know he's left. Ask Raj. He knows that.

The Chair: Sure. If you want to leave the meeting, you can abstain, Mr. Anderson. If not, we actually need a vote.

Mr. Anderson: All right. I'm leaving for the next 10 seconds.

The Chair: Very good. Let the record show that Mr. Anderson has left the meeting and will be abstaining from the vote. Other than that, I believe it was unanimous and carried. Thank you.

Okay. So that will take us to item 6, which will be this communications update. This goes back to our public meeting that we had in October. I thank all of you again for your participation and attendance at that, but we do need to review that meeting and have some discussion on what worked and what maybe didn't. To assist with this, we've produced a summary document with an overview of the meeting for some discussion, and we'll get Ms Sales to review the document and then take some of your questions.

Ms Sales, could you speak to that?

2:00

Ms Sales: Thank you, Mr. Chair. I'll just quickly walk you through the highlights of the public meeting summary document if that's all right. I'm happy to announce that the 2012 public meeting reached a record number of Albertans, with an audience of 16,058. We again employed multiple ways for the public to attend, including in person, from home through the TV broadcast, and online.

Further to this, we again integrated an online chat into the question-and-answer portion of the meeting. I think that the chat proved particularly valuable in 2012 as the 14 participants generated 52 questions or comments for the committee to address. As well, some of the new initiatives proved successful. The online survey produced 185 responses.

Other notable statistics from the public meeting include the web statistics. We received a total of 893 visits to the committee website in September, 2,277 views as well. The most active day was September 27, with 187 visits. This corresponds with the day the news release was distributed. In October we received 1,031 visits for the month. The most active day was actually the day of the October 3 public meeting, with 299 visits. The largest proportion of the visits and views actually took place between October 1 and 4. The 1,031 visits took place during that three-day period.

I'll now just quickly review the survey results. Again, the online survey generated 185 responses. We also received 10 from the in-house audience. Of the two questions, question 1: "What do you think the Alberta Heritage Savings Trust Fund should be used for?" The larger number of respondents responded: "Generating income for future generations, to be used when nonrenewable resource revenues begin to decline." Question 2: "Should the government deposit money into the Alberta Heritage Savings Trust Fund on a regular basis to help it grow faster?" Primarily, the respondents said yes.

The third question that we added actually had to do with how the public heard about the public meeting. It is worth noting that while our online audience cited social media as their primary source – and 2012 was the first time we utilized social media to promote the meeting, so that was quite successful – the in-house audience still said that more traditional media such as the newspaper advertisements and, actually, word of mouth such as their MLA were their primary sources. I think this shows the value of both traditional and new media when targeting our various audiences.

The Chair: Any questions? Mrs. Jablonski.

Mrs. Jablonski: Thank you, Chair. Tracey, when we talk about social media, does that come from our departments? Does it come from a professional source, or is this social media that is being tweeted by people who were at the meeting, people who are interested? Who is in charge of looking after social media? I imagine that means Facebook and Twitter.

Ms Sales: Right. Well, the Legislative Assembly has both a Facebook and a Twitter account, so we did post the information on our Facebook site as well as tweet about it online. We would initiate the initial social media messages, but then we would encourage them to be retweeted, and actually we did encourage the members of this committee to retweet. Also, other interested participants will retweet and that sort of thing.

Mrs. Jablonski: That's a pretty cost-effective way of getting the message out.

Ms Sales: Yes, it is.

Mrs. Jablonski: And it looks like it's probably at this point in time the best way.

Ms Sales: Yes, but we do need to keep in mind that it was the primary source for the online audience. However, the people who actually showed up to the public meeting in person still cited that they prefer traditional media. So we do have to be careful to make sure we don't exclude any of our target audiences in our communications.

Mrs. Jablonski: I think that's a very good comment. Thank you.

The Chair: Any other comments on the meeting, on communication? Okay.

That was our second year at the Oasis Centre.

Mr. Anderson: Could I pipe up, Chair?

The Chair: Sorry, Mr. Anderson. You're back. Welcome back to the meeting. You've got a question? I know you said that it was only 10 seconds.

Mr. Anderson: It was just 10 seconds. Just had to go to the bathroom.

By the way, I'd like to say right now that after having an opportunity to review the previous documents, the business plan as well as the third-quarter report, I support passage of those motions as well. So if that could be noted.

I would say that regarding this presentation that was just given, I think it's very positive. I was very happy to see so many more people tuning in – what was the number? – 16,000 from what it looked like. Sixteen thousand as compared to 5,000: that's a pretty remarkable improvement.

I would also point to the survey responses. I think that it bears out especially in light of the third-quarter report. All of the money made in the heritage fund – we're having a very good year to date with regard to making money there – is being transferred into the general revenue fund. If you look at the survey results that were just communicated to us, it's pretty clear that that is not in line with what Albertans want. Clearly, from the survey results "generating income for future generations, to be used when nonrenewable resource revenues begin to decline" is a priority for Albertans. Essentially, it's almost unanimous. I mean, it's pretty clear. Very few said that we should be funding Alberta's current priorities with heritage savings fund money, very, very few, as in, like, less than 5 per cent.

I think that it's incumbent upon this committee to be communicating that to the government. My hope is that Minister Horner and Premier Redford would consider that when they're talking about a savings policy because in the future there's really no excuse for the interest accumulated on this fund in good years like we're having this year, in returns on the fund, to be used for general revenue purposes. I just think that that goes against what Albertans have clearly told us here. I would ask the chair: is there

any way we can communicate this and the results of our survey to the government?

The Chair: Great. Okay. We appreciate the comments. Was there a question, too, Rob?

Mr. Anderson: Yeah. That was my question. My question is: what can we do to communicate those results as a committee to the government? Those are pretty startling survey results.

The Chair: Well, what we'll do with the results – and we have a letter here from Minister Fawcett, and we'll respond – is that we'll publish those results on the website, all of the results, of course, and then Mr. Fawcett has offered to also link them with the Dollars and Sense survey results and comments. It should be pretty clear, with all of those compiled, what the general feelings of the respondents were, so thank you for that, Mr. Minister.

Mr. Anderson: Mr. Chair, would it be okay to go a step further and submit these results, present them to the Legislature in some way, either through a letter or a member's statement or something, to let folks know what we found in this case?

The Chair: Yeah. That could go to the associate minister by letter from this committee, your comments, certainly, yeah.

Okay. Next question, Mrs. Jablonski.

Mrs. Jablonski: Thanks very much. I think Rob has made some good points. But, Rob, you're just reading the first two lines of the chart. The first line of the chart, which is "funding Alberta's current priorities," is very low. The next line, "generating income for future generations, to be used when nonrenewable resource revenues begin to decline," is extremely high, at a hundred on the chart. But then there's a third column, and that third column says, "A mix of both." We have an 82 per cent response to that. Yes, while the majority does want us to use them for future projects and that sort of thing and very few want us to use them just for current priorities, there is a large number that have suggested that they would like to see a mix of both of those priorities.

2:10

Mr. Anderson: Mr. Chair, if no one else has raised their hand, just put me on the list.

The Chair: Yes. I'll put you back on the list. I've just got Mr. Dorward in front of you and, actually, Dr. Sherman, but we'll get you back on.

Mr. Dorward: Well, I mean, I don't like misinformation, and the fact is that this is not an overwhelming response to the second line. The number, by my approximation, is 193 respondents, and then 93 of them said that it should be either funding current priorities or a mix of both. Approximately a hundred or 101 said that it should be used. You know, it's like a 46-54 split. I don't think that's overwhelming. I am supportive of sending the information on to the associate minister, though, reflecting the reality of the numbers and not plucking some number out of wherever and then stating that as the facts.

The Chair: All right.

Dr. Sherman: Just picking up on what Mr. Anderson said, let's go back to the mission statement. I love reading the mission statement.

The mission of the Heritage Fund is to provide prudent stewardship of the savings from Alberta's non-renewable resources

[revenue] by providing the greatest financial returns on those savings for current and future generations of Albertans.

The key words here are "stewardship of the savings from Alberta's non-renewable resources."

The Chair: Dr. Sherman, is this question directed to Ms Sales about the communication plan? It doesn't sound like it.

Dr. Sherman: Well, it is directed to the communication plan, to the Leg. Assembly.

The Chair: All right. We'll carry on with the question.

Dr. Sherman: The vast majority of Albertans by far – by far – have told us that they would like regular deposits into the heritage savings trust fund. Regular deposits. The mission statement is to deposit nonrenewable resource revenue versus just inflation-proofing the profits that you've generated. You know, in an RRSP you don't regularly pull your savings out. You reinvest them, and I can understand the government having to use some of the income generated to fund regular programs. We do have a revenue problem, and I support using part of that revenue to fund education and health care.

The Chair: Dr. Sherman, I'm just going to ask what your question for Ms Sales is.

Dr. Sherman: My question, Ms Sales, is: can you please strongly word for the Legislative Assembly, one, the original mission statement? Two, the fact is that what Albertans have told us is that they would like regular savings into the account. "Should the government deposit money into the Alberta Heritage Savings Trust Fund on a regular basis to help it grow faster?"

Ms Sales: Would you like my comment?

The Chair: You can answer that if you wish. I don't know where you're going to go with that.

Ms Sales: I think it is important to remember that the survey that we drafted was in response to a request by the associate minister, and it is just a very small part of information-gathering on behalf of the government. This is just a small piece. I think that to get the whole picture, you really do have to put it into perspective.

The Chair: Okay. Mr. Dorward, and then I've got you, Mr. Anderson, and then Ms Kubinec. Just to remind the committee, the questions to Ms Sales are about the public meeting and the communications and the survey. If we can just keep it to that, please.

Mr. Dorward: Yeah. If Dr. Sherman's question was with respect to the graph, the graph has absolutely nothing to do with the income going into the fund. It simply asked people: "What do you think the Alberta Heritage Savings Trust Fund should be used for?" It's got nothing to do with whether it grows, doesn't grow, is or isn't. It simply is: what should the money be used for?

The Chair: Okay. Well, hopefully, we've cleared up any confusion on what the question was.

Mr. Anderson.

Mr. Anderson: Yeah. It's great. I mean, I would note that the government members aren't asking questions. They're making statements as well, so hopefully we could have it be fair on both sides. What I would suggest, because we're talking about how to communicate this to the public – you know, like anybody out

there, I don't appreciate having someone say that my comments were misleading in any way, shape, or form. The fact of the matter is that the survey, as I'm reading it in front of my eyes right now, says that the vast majority of folks in one question say that we should be depositing money into the heritage fund at this point "on a regular basis," and in another one it says that a vast majority say "generating income for future generations, to be used when nonrenewable resource revenues begin to decline" as well as "a mix of both." With due respect to Mr. Dorward and Mrs. Jablonski, the mix of both has not been done. It has not been done for years, decades. It's all been taken out, every dime.

What I think we're trying to communicate to the Legislature in truth rather than spin is that clearly the public wants us to change direction. They want us to either put all of it in as a hundred folks said or, as 93 folks said, put some in at least and save some of this income that's been set aside for future generations. A small, small fraction, just a handful, say that we should be doing what this government has been doing for the last 20 years, which is essentially pillaging the fund every year and putting it into general revenues.

Let's be clear about who's torquing the truth a little bit. The survey makes it very clear what people want us to do, and I think it's incumbent upon us to communicate that to the government so they can change the course of the last couple of decades.

The Chair: All right. As I said, we will send a letter to the minister asking him to link those survey results for all of the questions to reflect the respondents' views. Absolutely, that will be done, not just on that question but all of the questions. It'll be out there.

Ms Kubinec.

Ms Kubinec: Yes. Back to the item on the agenda about the public meeting and the public's perception of it. My perception is that it was a very good meeting. My question is: are we going to use the same format next year? I was really, really impressed to see the increase in people participating. Again, the question is: will we use that same format, or will you make it even better, Ms Sales?

The Chair: Thank you for that question.

Ms Sales: Thank you. Actually, that's really up to the committee. Right now we're reviewing what worked and what didn't work in 2012, and then you can give me some ideas on what you'd like to see for 2013. Then I'll prepare a plan for the committee's consideration.

Ms Kubinec: Thank you.

The Chair: Okay. Mr. Casey, you had one?

Mr. Casey: This will slip us back, but anyway, yes.

The Chair: Well, don't slip us too far back.

Mr. Casey: No, no. It won't slip us back at all.

I guess my only question is to you, Mr. Chair, on the function of the committee. If the function of this committee, as I understand it, is to provide oversight and to make sure that the heritage trust fund is being managed according to current government policy and if it's not about policy development, then I'm not sure what a lot of the statements have been about in the last five or 10 minutes here. I just need clarification from you as to whether this is a policy development committee. If it is, that's fine, but if it isn't, then I would prefer that we stick to oversight and our mandate.

The Chair: Well, we can share the mandate of the committee. It might not be a bad idea to remind everybody in writing what the committee's mandate is. We have that down somewhere in a letter, so we'll circulate that to all committee members. I think that might be a good idea in light of the discussion that's happened in the last few minutes.

We're going to go back now to the public meeting and the venue, which is what I was just starting with. We've had two years at the Oasis Centre, and I think it's worked out pretty well. It's not just the facility – Ms Sales, maybe you can supplement this – but it's the facility's ability to accommodate broadcast and so on. Not all facilities are equipped for that.

It's gone fairly well for us the last couple of years, so what I'm going to suggest – and there can be some discussion on this – is that we have this year's meeting at the same facility. The public attendance has never been, certainly as long I've been on this committee, overwhelming, but it has grown a little bit year by year. The participation and, again, the electronic attendance have been fabulous. That seems to be where all the growth is.

Any discussion about whether we have it in Edmonton? Is there any strong desire by any of the committee members to move it to another location?

2:20

Dr. Sherman: You know, it was great to have that meeting in Edmonton-Meadowlark two years in a row. I would support having it in Edmonton-Meadowlark three years in a row if it's working so well.

The Chair: Well, it's a beautiful part of the world. Anybody else?

Mrs. Jablonski: Mr. Chair, I understand that logistically for us to take it to another location in Alberta would involve two things. One is greater cost. Second, the attendance at the Oasis Centre was very good compared to other centres. For those two reasons, although I'd like to see it in Red Deer, I would agree that perhaps the Oasis Centre is the best location.

The Chair: Okay. Well, we'll turn that into a motion from one of you if we could, that

the 2013 public meeting of the Standing Committee on the Alberta Heritage Savings Trust Fund be held in Edmonton at the Oasis Centre, on a date yet to be determined.

Mr. Sandhu. All in favour? It's carried.

The second item on that is the website. The department provided a memo on the number of website hits – we just talked about that – on the external heritage fund site if there are any questions on that. Okay. That was just for information under other business.

At the last committee meeting the clerk was asked to provide the UN principles for responsible investing to committee members. The document was provided to the previous committee in June 2011 and was posted on the internal site for the information of our current committee members. Did everybody have a chance to look at it? Those guidelines are fairly clear.

Item 8. The next meeting will be required to approve the communications plan for the 2013 public meeting, and there may be some other items. It'll be in March or early April.

With that, I need a motion to adjourn. Mr. Sandhu. All in favour? All right. Then we are adjourned. Thank you very much, everybody.

[The committee adjourned at 2:23 p.m.]

