



Legislative Assembly of Alberta

The 28th Legislature  
Second Session

Standing Committee  
on the  
Alberta Heritage Savings Trust Fund

Tuesday, May 27, 2014  
9:02 a.m.

Transcript No. 28-2-1

**Legislative Assembly of Alberta  
The 28th Legislature  
Second Session**

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

Casey, Ron, Banff-Cochrane (PC), Chair  
Jablonski, Mary Anne, Red Deer-North (PC), Deputy Chair  
  
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Barnes, Drew, Cypress-Medicine Hat (W)  
Dorward, David C., Edmonton-Gold Bar (PC)  
Eggen, David, Edmonton-Calder (ND)  
Khan, Stephen, St. Albert (PC)  
Redford, Alison M., QC, Calgary-Elbow (PC)  
Sherman, Dr. Raj, Edmonton-Meadowlark (AL)

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Alberta Heritage Savings Trust Fund**

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Alberta Investment Management Corporation

Darren Baccus, Chief Client Relations and Legal Officer

Leo de Bever, Chief Executive Officer

David Goerz, Executive Vice-president, Investment Strategy and Risk Management



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Tuesday, May 27, 2014

[Mr. Casey in the chair]

**The Chair:** Good morning, everyone, and welcome to the Heritage Savings Trust Fund meeting. We're just getting everyone finally seated here.

To begin the meeting, maybe we'll just go around the table here and introduce ourselves, starting with Mary Anne, please.

**Mrs. Jablonski:** Good morning, everyone. Mary Anne Jablonski, Red Deer-North.

**Mr. Eggen:** Good morning. I'm David Eggen. I'm the MLA for Edmonton-Calder.

**Mr. Khan:** Good morning. Stephen Khan, MLA, St. Albert.

**Mr. Dorward:** Hello, everybody, and thanks for coming. It's David Dorward here, the MLA for Edmonton-Gold Bar.

**Mr. Amery:** Good morning. Moe Amery, Calgary-East.

**Mr. Goerz:** Good morning. David Goerz, AIMCo.

**Mr. Baccus:** Good morning. Darren Baccus, AIMCo.

**Dr. de Bever:** Leo de Bever, AIMCo.

**Mr. Brown:** Aaron Brown, Treasury Board and Finance.

**Mr. Babineau:** Rod Babineau, Treasury Board and Finance.

**Mr. Sittler:** Jeff Sittler with the Auditor General's office.

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

**Ms Dotimas:** Jeanette Dotimas, LAO communications.

**Mrs. Dacyshyn:** Corinne Dacyshyn, committee clerk.

**The Chair:** And on the phone?

**Mr. Barnes:** Drew Barnes, Cypress-Medicine Hat.

**Ms Redford:** Alison Redford, MLA for Calgary-Elbow.

**The Chair:** Thank you.

I'm Ron Casey, chair, from Banff-Cochrane.

Welcome to the new committee members. Mr. Barnes and Ms Redford, welcome aboard.

**Mr. Barnes:** Thank you.

**Ms Redford:** Thank you.

**The Chair:** The meeting materials were posted to the internal committee website last week, and a few housekeeping items need to be addressed before we turn to the business at hand. The microphone consoles are operated by *Hansard*, as you're all aware. Please keep your cellphones, iPhones, BlackBerrys, and other electronic things off the table if you could because they tend to interfere. Audio of the committee proceedings is streamed live to the Internet and recorded by *Hansard*. Audio access and meeting transcripts are obtained via the Legislative Assembly website.

Good morning, Dr. Sherman.

**Dr. Sherman:** Good morning.

**The Chair:** If you would just introduce yourself for the record, please.

**Dr. Sherman:** Raj Sherman, MLA, Edmonton-Meadowlark. I'm a germ bomb right now, so I thought I'd appear by teleconference.

**The Chair:** Okay. Thank you. You're in Germany?

**Dr. Sherman:** No. I'm a germ bomb. I'm sick. The doctor just picked up a bug. The doctor needs a doctor.

**The Chair:** Oh, you're a germ bomb. We didn't get that medical terminology. Sorry.

We have before us an agenda, and if there are no changes to that agenda, I would look for a motion to approve. Mr. Amery. Moved by Mr. Amery that the agenda for the May 27, 2014, meeting of the Standing Committee on the Alberta Heritage Savings Trust Fund be adopted as circulated. Those in favour? Opposed? Carried.

The minutes from February 6. Errors? Omissions? If there are none, I'd look for a motion to approve. Mr. Eggen. Moved by Mr. Eggen that the minutes of the February 6, 2014, meeting of the Standing Committee on the Alberta Heritage Savings Trust Fund be adopted as circulated. Those in favour? Opposed? Thank you. [interjection] Carried. I'm a new chair, so I'm not sure of all the rules here yet, but thank heavens I have a left hand here that's helping me through this.

Item 4 on the agenda, the Alberta heritage savings trust fund 2013-14 third-quarter report. Mr. Brown, are you leading this off?

**Mr. Brown:** I am.

**The Chair:** Thank you.

**Mr. Brown:** Thank you, Mr. Chair, and good morning to members of the committee. I'm here today on behalf of Minister Horner, who sends his regrets. Mr. Matheson from the department, who normally presents this report, also sends his regrets as he's travelling with Minister Horner.

As you know, the committee did not have an opportunity to meet to review the third-quarter update before it was released to the public in late February, but that's what we're here to do today. I'm pleased to provide a brief overview of the heritage fund's third-quarter results.

The fund's fair value at third quarter was \$17.3 billion, up from \$16.7 billion at the end of Q2. Over the first nine months of 2013-14 the fund earned an 11.6 per cent return, earning about \$1.7 billion in gross income. The fund's net income was \$1.6 billion, after \$120 million in investment expenses. Of this, \$178 million is forecasted to be retained in the fund for inflation-proofing, with the remainder being payable to the general revenue fund.

Although the fund did not beat its overall policy benchmark for the nine months, the fund's long-term approach did allow it to capitalize on better than expected performance in equities markets. Asset benchmark comparisons can be very difficult in a rapidly accelerating market. For instance, our infrastructure portfolio, which is highly liquid and valued on an annual cycle, is measured against a market benchmark which is valued daily. This can create a lot of measurement mismatch and underlines the importance of longer term performance measures.

For the first nine months of 2013-14 fixed income has generated a flat return year to date, but it beat its benchmark, which had a negative 1.8 per cent return. Inflation-sensitive alternatives were

up about 9.8 per cent, and equities were the strongest performer and the driver of the portfolios at 17.3 per cent. The primary driver of the fund's investments was the fund's global equity portfolio, which has earned on a nine-month basis 21.2 per cent.

For your information, the department completed an asset mix study with the support of AIMCo in 2009-2010. At that time the conscious decision was made to increase exposure to global markets both through developed and emerging market equities as well as alternative asset classes that have a global profile such as infrastructure. This was done for a couple of reasons. One was to diversify the fund. We want to make sure that it's invested across broad categories to maintain that benefit of diversification but also to offer AIMCo a broader opportunity set to work with. The strategy has actually worked quite well over the past three years as global markets have outperformed their Canadian counterparts by a little over 10 per cent per year on a Canadian dollar basis.

**9:10**

There's certainly some good news in the third quarter, but despite the success there are always reasons to be cautious. Geopolitical and economic issues still persist. There's still a lot of potential for uncertainty and volatility in the markets. As we've seen in the past, there can be large swings in the market, and with the equity content of the heritage fund being a long-term investor, we are exposed to those no matter how much diversification you have. This is why AIMCo on behalf of the Alberta government continues to take a long-term, diversified, global investment approach designed to maximize the fund's return over the long term within a prudent level of risk.

That concludes my comments. I'll perhaps turn it over to Leo to make his comments. Thank you.

**Dr. de Bever:** I don't want to say too much in addition other than that the three-quarter return is a bit downward biased. You may recall that a few years ago the government decided to accelerate its reporting of financial results, and that compressed the time we have to do year-end valuations considerably. So, again, in private equity type investments, unlisted investments, those valuations did not come in by December 31. They will be reflected in the first quarter.

Also, the comment about benchmarks. Benchmarks are a lively topic of discussion under the best of circumstances, but the heritage fund has a very aggressive way of setting benchmarks. We call it aspirational returns, which means market returns plus something. There has been over the years considerable debate over who is producing that something in addition to what the market gives you. It's a very aggressive benchmark. In other words, if you did it the way any other manager would be valued, we would have exceeded benchmark returns.

The other comment to make: the missing quarter is already, more or less, in the bag. Well, it is, right? I mean, we're past it. For the year you should be probably coming in somewhere around 14, 15 per cent. That puts us nationally – and these comparisons, again, are very dangerous – at the top of the heap in terms of similar institutions and the return they've created.

**The Chair:** Thank you.

**Mr. Brown:** Thank you, Mr. Chair, for the opportunity to present. We do get back together in three weeks to discuss the annual results, but we'd be happy to answer any questions that the committee members have.

**The Chair:** Okay. Thank you.  
Questions? On the phone?

**Mr. Barnes:** Yes, Mr. Chair, if I could, I'm just wondering how the group values the infrastructure and the real estate assets. Do we get an appraisal annually? What's the process, please?

**Dr. de Bever:** Okay. We can have this discussion about listed markets as well. Particularly for years like 2008, it's hard to argue that fair value was particularly behind some of the numbers that got printed on December 31, 2008, but that problem is even more difficult in unlisted assets. The way we do it is that we have outside evaluators. But, to be perfectly honest, on a quarterly or even an annual basis it's a little tricky. I mean, you can't put five decimals behind those estimates, but over time they're reasonably accurate. Real estate is reasonably accurate. With some of the other ones it's a bit more tricky.

Ultimately, what you realize on an investment is the difference between what you buy it at and what you sell it at, and anything in the middle is a guess to some degree, but we're trying to be as objective as possible by engaging external evaluators.

**Mr. Barnes:** Okay. Who do you use for that, and roughly what do you spend on that annually, please?

**Dr. de Bever:** I don't know what the spending is. It's not that much. But I think that from a prudence and governance point of view, that's what you have to do. We have to be accountable for results, but if those results are not measured in a way that you're happy with, that doesn't work either. But it's not making anybody rich.

**Mr. Barnes:** Okay. Thank you.

**The Chair:** Other questions? Mr. Dorward.

**Mr. Dorward:** Yeah. I have a question about the first comment. Dr. de Bever, I understand that you're leaving us. You have provided profound service to the people of Alberta in the last five years, and we want to thank you on behalf of all those people for having done the work that you've done.

**Dr. de Bever:** Thanks very much. I won't be leaving yet, okay? You may have to see me a couple more times.

**Mr. Dorward:** Something happened with timberland. Can you tell us what happened with timberland?

**Dr. de Bever:** Okay. This is a perfect example of – and we're going to get into this a bit later, I think, with the innovative investing mandate – why it pays to be a long-term investor. What we did in that particular case is that we bought 1,500 square kilometres of forestland about three or four years ago on a bankruptcy. The government had instituted a program where they were encouraging people to invest in timberland because Australia had a fibre shortage. Somewhat similar to what happened with the labour-sponsored funds, that all came to tears in 2008 because people who made these investments overleveraged. When 2008 came, the whole thing went into bankruptcy.

The complicating factor was that not only was the land going into bankruptcies, but the people that owned the trees on top of the land also went into bankruptcy. We were the only investor that could come in and say: "Okay. This is a royal mess. It's going to take us four or five years to sort it out, but we can provide cash now to the receiver, and he'll be done with this problem, and we'll work it out over time."

What happened with the number that you saw there is that in this particular year that strategy came to fruition, but we had to sit on it for three or four years. Relative to benchmarks that are

market based, that cost us, but because we are long-term investors and because we take a long-term perspective, it came to fruition.

Does that make sense?

**Mr. Dorward:** Absolutely.

Did we sell out, or are we still in?

**Dr. de Bever:** No, no. We're still in. There's still considerable optionality. As you know, Australia has a somewhat different climate than Alberta, so a tree that grows here in 50 or 60 years takes about 20, 25, 30 years, depending on the species, to grow there. There's considerable reallocation of land in and out of forestry to agriculture and grazing and so on, so we have considerable optionality on that investment because we can decide whether we continue to run it as timber or convert it to something that has a higher value from a real estate or an operational point of view.

**Mr. Dorward:** Is there anything in your mandate that prevents you from making these kinds of decisions?

**Dr. de Bever:** What do you mean?

**Mr. Dorward:** Like in terms of the long-term view.

**Dr. de Bever:** I had this discussion with a former boss of mine. The main restriction is that we're being measured on a relatively short-term period. You know, this line is getting really old. I've used it so many times even before this committee. Most of my clients are long-term investors as long as it makes money in the short run, and that just doesn't work. You have to be willing to take the really long view. That's true for infrastructure. It's true for timberland. For instance, energy and pharmaceuticals are two areas where it also is very much true. If you're not willing to take the pain in the short term because it goes against your personal compensation, which is ultimately what this all boils down to, then it's very difficult to be a long-term investor.

**Mr. Dorward:** May I keep going, Chair?

**The Chair:** Help yourself. Yes.

**Mr. Dorward:** Thank you. Maybe this is partially a Treasury Board question as well. In the third-quarter update, the section headed The 2013-14 Third Quarter Update, if you go down four paragraphs or five, it talks in here about the retail sector being soft. Some of that, I'm sure, is just because consumer confidence is still languishing somewhat, but is it also an indicator that retail is also changing before our eyes with respect to access to the U.S. markets for retail as well as online? I'm thinking of online sales and things like that. Question 1: are we invested at all in retail and other markets other than Canada? Question 2: are we invested at all in online merchandising and, I guess, in overall sales and things that happen online?

**Dr. de Bever:** Retail would include those online retail components. We basically own a piece of virtually every company on the continent, so we would be invested in that.

Do you want to say anything more about that?

**Mr. Goerz:** Sure. In terms of retail it's actually been remarkable, if you think back over the last five years, how consumer discretionary in North America has been as resilient as it has been. It's an important part of the economy. A lot of retailers, from a profit margin perspective, don't make as much money, but I think, generally, the ebb and flow of consumers can be very important as

to the pace of overall economic activity as it relates to overall sentiment and overall confidence.

**9:20**

Through the end of 2013 there was some softness, going into Christmas. We had the polar vortex in North America that affected first-quarter results. We were constructively optimistic about the first quarter, that this was largely a weather-related and -induced fact.

As we go forward into the second quarter, we're actually seeing a pickup in terms of overall economic activity. When we look at industrial production in Canada in particular, we've seen a reacceleration toward about 3 per cent, which is a very good rate of overall activity; a normalization, I think, is the best way to characterize it.

You know, in terms of retail investments overall, as Leo mentioned, we're invested in retail and consumer discretionary more generally across the world. An interesting investment that we made recently in our private portfolio was to pick up what will be one of the largest retailers to be publicly listed, Alibaba, and have integrated it into our private portfolio pre-IPO. It was an interesting opportunity. As Leo talked about with timber, this was an opportunity where one of the founders of Alibaba needed some liquidity, and AIMCo was able to close very quickly on that kind of a deal and pick up a very interesting asset that is now getting ready to IPO, hopefully by the end of this year.

**Mr. Dorward:** I can come back, Mr. Chair.

**The Chair:** Okay. Thank you.

Mrs. Jablonski.

**Mrs. Jablonski:** Thank you, Chair. I have a couple of questions about the endowment funds that we've decided to invest in. I'm talking about the \$200 million to the Alberta heritage scholarship fund, the social innovation endowment, and the agriculture and food endowment. I'd like to know how they're managed, who manages them, and how they're accountable back to this committee for the people of Alberta.

**Mr. Brown:** There are two different structures at work there. The Alberta heritage scholarship fund is a separate and distinct fund with its own set of financial statements. The minister is responsible for investing, and it funds a scholarship program that's under the jurisdiction of the ministry of advanced education. That money that's being transferred over – that fund has been in existence for probably a couple of decades or more – is a \$200 million capital transfer. The governance structure around that will remain the same as it is right now.

The two new ones that you spoke of, social innovation and agriculture and food, are going to be notional accounts within the heritage fund, so they won't be separate and distinct entities in the way that the scholarship fund is. We're still working out the details, but they'll report through the heritage fund annual reporting process and through those financial statements.

In terms of accountability the governance structure for those is still being worked on. Agriculture and food, obviously, goes with the ministry of agriculture. Social innovation is with the Ministry of Human Services at the moment, but I believe that that is not necessarily the final resting place. That governance structure and that accountability mechanism are still under development, and as we have sort of more concrete information for you, we'll bring that back and report on it to the committee. As I said, it's still under development at the moment.

**Mrs. Jablonski:** So we know that \$200 million is going to be transferred over to the existing scholarship fund, and I know that the Rutherford scholarships and those sorts of things come out of there, but I don't know what else comes out of there. At some point in time I'd like to see what comes out of that fund and how that's managed, if that's possible.

Also, has it been determined how much will go into the social innovation endowment and the agriculture and food endowment, and have parameters been established, criteria, for how those funds will be used within their ministries? Will those ministries bring back an accounting to Treasury Board and Finance and to this committee?

**Mr. Brown:** The amount in the social innovation is \$500 million for this fiscal year and, I believe, another \$500 million next fiscal year. There is a spending rule distribution on it of 4 and a half per cent of the three-year moving average. That's how the income will be transferred out to the department responsible for spending it.

The agriculture and food is \$200 million. That is the amount that's being allocated.

In terms of the end of your question, the governance and accountability to this committee, that is still to be determined. The ministries do have parameters. The act speaks to broad parameters: fostering innovation, developing new programs, things like that. I believe those are the responsibility of the recipient ministries to best determine how that's going to be utilized. There definitely will be an accounting to Treasury Board through the budgeting process. Beyond that, again, as these don't actually go into effect until next fiscal year, there are still a lot of the nuts and bolts of the programs that are being worked on that will absolutely be in place before the money starts flowing.

**Mrs. Jablonski:** Thank you.

**The Chair:** Thank you.

Mr. Eggen.

**Mr. Eggen:** Thank you so much, and thanks to everyone making this presentation. I guess we'll be meeting again shortly with the annual report, but my first question is if someone can remind me what our annual rate of return was last year.

**Mr. Brown:** It was 11.6. It's a coincidence that it happens to be the same as the third-quarter result.

**Mr. Eggen:** Okay. So you're suggesting that probably we will exceed that this year. This third quarter has some distortion in it, like you say, with real estate and so forth.

**Dr. de Bever:** Not only that, but the first quarter of this calendar year was very strong again.

**Mr. Eggen:** Okay. Good.

My second question is if you're able to let us know what percentage of our fund is invested in Alberta assets, both securities and property and so forth. Have you ever hived that off to have a sense of what percentage of our fund is invested in Alberta? I know that's a bit difficult to do.

**Mr. Brown:** We did something like that five or so years ago. That number would be stale, but I believe that's something that we can work on with AIMCo to get you a close approximation.

**Mr. Eggen:** I think it would be useful.

I know there are lots of different businesses that are functioning here and there and everywhere, but I just think that in the interests

of diversifying our economy, strengthening it for the long term, like you say, increased investment by AIMCo in Alberta assets would be prudent.

Thank you.

**Dr. de Bever:** You can take that argument both ways. To some degree what we do is supposed to diversify the exposure of Alberta to a particular sector, which is mostly energy. At the same time, I take your point. This is what's behind the innovative investing mandate. If we can strengthen the underlying efficiency of the economy, that's a good thing to do. Diversification and concentration in Alberta are sort of a little bit at cross purposes, but sometimes you have to compromise.

**Mr. Eggen:** Absolutely. Thank you.

**The Chair:** Anyone on the phone with a question?

**Dr. Sherman:** Mr. Chair, please put me on the list.

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

**Dr. Sherman:** Dr. de Bever, I want to thank you and your team for doing a good job of growing our fund. In 1984 the trust fund used to be about \$12.6 billion; it bought about a year's worth of government. Today we're at \$17.3 billion. Government is spending about \$40 billion.

I have just a couple of questions. What is the value of the fund in 1984 dollars? As you know, one of the main missions is to save nonrenewable resource revenue and grow it. How much nonrenewable resource revenue has been saved over the past 30 years? How much of the interest has been saved beyond inflation-proofing?

**Dr. de Bever:** I'll leave that to Finance.

**Mr. Brown:** I just want to clarify the parameters of the question. Are you asking how much nonrenewable resource revenue was saved in the fund's history or just since the transfers were stopped in 1987?

9:30

**Dr. Sherman:** Since 1987, when the fund peaked out, how much has been saved in nonrenewable resource revenue? And what is the value of the fund in '84 dollars?

**Mr. Brown:** Okay. So multiple questions there. I'll try to make sure that I get them all, and please let me know if I miss something. In terms of the inflation-adjusted return that is also a number that we have calculated in the past. I don't have that number at my fingertips, but we'll make a note of it, and we will get that number back to the committee in time for your next meeting in a couple of weeks.

In terms of resource revenue allocation if you go to the back page, the summary of historical operations in the annual report – and, again, we're working off the 2013 annual report – there have been no transfers of nonrenewable resource revenue since they were halted in 1987. There was \$2.9 billion in ad hoc deposits not tagged from any specific revenue source in the mid-2000s after Alberta's net debt was paid off. In terms of income that is saved in the fund beyond inflation-proofing, that is the only mechanism for retaining income in the fund at the moment. Of course, that is changing going forward, starting in fiscal 2016.

I hope that hit all your questions. We will definitely . . .



**Dr. Sherman:** Would it be correct to say that after one generation, 30 years, we have essentially saved nothing and the fund's value in terms of purchasing power is significantly less than it was in the early '80s?

**Mr. Brown:** In terms of purchasing power, I mean, the real value of the fund is, certainly – I don't have that inflation-adjusted number. But there have been other priorities over the last 30 years for Alberta's resource wealth. The net debt has been paid down. There have been other funds that have grown. At one point the sustainability fund reached \$17 billion, and that was used to smooth out provincial revenues. So it's a complicated question. There are lots of moving parts to it other than looking at the province's overall balance sheet and then looking at the heritage fund in isolation.

**Dr. Sherman:** Maybe I'm going to rephrase. Would it be correct to say that for the most part other than what little inflation-proofing we have had, we've essentially spent all the interest and all the nonrenewable resource revenue to pay the daily bills of the province over the last 30 years?

**Mr. Brown:** Other than the \$2.9 billion in ad hoc deposits and other funds that had been created such as the cancer prevention legacy – there have been many other savings vehicles that have been created and invested in, so I don't think that's entirely accurate. There are many other mechanisms by which the province has saved. But, yes, the majority of resource revenue over the past 30 years certainly has not gone to the heritage fund. It has gone towards other Albertans' priorities.

**Dr. Sherman:** Thank you.

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

**Mr. Amery:** Thank you, Chair. Please help me understand this. The rate of return is 11.6 per cent. The fair value of the net assets is \$17.3 billion. So of \$1,731 million gross income, \$120 million went into investment expenses, \$178 million for income retained for inflation-proofing, and \$1,433 million went to the GRF. So, really, no actual money has gone into the heritage trust fund to top it up at this time. Am I right?

**Mr. Brown:** Under the current fiscal structure of the fund – and those amounts are forecasted; you'll have the final amounts when we bring forward the annual report in a few weeks – there are no additional deposits to the heritage fund at this time. With the two new acts, the one passed last year and the Savings Management Act this year, there will be deposits going forward, and there's an entire schedule on how that's dealt with.

**Mr. Amery:** Any idea about the amount of that actual deposit that will be going into that fund?

**Mr. Brown:** Resource revenue is volatile. There are percentages that are set aside in the act, but in terms of an actual dollar amount that's outside my scope in terms of forecasting what our resource revenue is going to look like.

**Mr. Amery:** So when we hear from different sources that the fund is going to be \$23 billion, \$24 billion in the next few years, is that wishful thinking or just predictions?

**Mr. Brown:** My colleague is here from budgeting, and I'll let him answer that question.

**Mr. Amery:** Yeah, sure. I'm sure we have heard many times from different sources that the fund will be \$23 billion, \$24 billion in the next few years, so based on what?

**The Chair:** Excuse me. Could I just get you to introduce yourself, please, for the record?

**Mr. Tkachyk:** Yes. My name is Stephen Tkachyk. I am executive director of fiscal planning and analysis in Treasury Board and Finance.

Well, of course, you have to make assumptions, but under fairly reasonable assumptions and also the terms of the Fiscal Management Act, which was passed last year, we expect to see – well, first of all, the legislated schedule for savings of nonrenewable resource revenue is as follows: 5 per cent of the first \$10 billion in nonrenewable resource revenue, 25 per cent of the next \$5 billion, and 50 per cent of all nonrenewable resource revenue in excess of \$15 billion per year. In terms of nonrenewable resource revenue going to the heritage fund, that kicks in once the contingency account reaches \$5 billion, which it is expected to do this year.

So next year, as in 2015-16, we expect, under reasonable assumptions, that 5 per cent of the first \$10 billion in nonrenewable resource revenue will go into the heritage fund. I don't have that number right in front of me, but it is in the neighbourhood of \$10 billion for next year, I believe, the forecast for nonrenewable resource revenue. So in the neighbourhood of \$500-plus million next year. Again, one depends on a forecast, but assuming that the contingency account does reach the \$5 billion threshold, which it is expected to do, then from that point forward that nonrenewable resource revenue transfer will continue to go forward in all subsequent years.

**Mr. Brown:** We forecast a long-term rate of return on the heritage fund of – our published target is Canadian inflation plus 5 and a half per cent. So it's 4 and a half per cent on the policy and an extra 1 per cent value-add through AIMCo. If Canadian inflation is 2 per cent over the long run, that works out to roughly 7 and a half per cent, and that income will now be kept in the fund as well. Again, it is highly volatile. Much like resource revenue, equity income is also very volatile. But that is our long-term prediction, so the fund would be expected to grow. In those forecasts, that number you're looking at, there is a market return element built in as well.

**Mr. Amery:** Thank you.

**Mr. Goertz:** Certainly, cash flow becomes very important. If you take a 5 per cent return over five years on \$17 billion, you get to \$22 billion. So savings become very important, and investment results, obviously, are going to be an important consequence.

**Mr. Amery:** Thank you.

**The Chair:** Other questions? Mr. Dorward.

**Mr. Dorward:** Yeah. Mr. Chair, just before I ask the question, I did want to thank those folks who were involved in the heritage trust fund in the past. While some would say that the money that was earned in the past disappeared into nothingness, indeed it didn't. I've sat on this committee for almost two years, and I thought it was good for me to explore a little bit as to the things that had been invested in in the past.

There happens to be in my area, in Edmonton-Gold Bar, Montgomery Place, which is a seniors' low-income apartment,

very well run by the Greater Edmonton Foundation. That building would not be there if it wasn't for the heritage savings trust fund, Mr. Chair. Just quickly, I'll tell you that I actually found 10 places in the province of Alberta – and I was in 10 – that had a plaque on the front that are continuing today to benefit Albertans. That's what those good folks who were running the fund in the past did with the funds that some would argue just aren't there. And that includes airport buildings. Innisfail, I think, is the latest one that I was in, on a government plane on government business.

9:40

Now my question. Page 17 talks about foreign currency risk with respect to the third-quarter results. Maybe it's a question; maybe it's just a quick comment by Treasury Board. I don't know. It comments in section (b), foreign currency risk, that if the Canadian dollar increased by 10 per cent, there would be an effect on our investments. I do think that the weakening of the Canadian dollar and the strengthening of the U.S. dollar would have had an effect on the 11.6 per cent return in the final quarter of 2013 because I believe that's the period of time that we probably saw the greatest strengthening of the U.S. dollar. I assume that the public-sector accounting standards require us to restate our financials at the translation of the currency on December 31. Did the strengthening of the U.S. dollar affect the 11.6 per cent number, and if so, do we have an indication of how much it helped in that area?

**Mr. Brown:** Leo, do you have an idea of the magnitude?

**Dr. de Bever:** Well, something like 60, 70 per cent of our assets are foreign, so that's coming through, but it's sort of the flip side of what happened a few years ago when the Canadian dollar was very strong and the results of the heritage fund would have been negatively affected. The evidence on currency is that in the long run currency doesn't really make a whole lot of difference. In some cases we hedge that risk because we tend to – for instance, in infrastructure. Infrastructure is supposed to substitute for Canadian real return, bond-type returns, so you don't want currency dominating that outcome. But in equities, generally speaking, we just let it run because in the long run it doesn't have a return, either positive or negative, so why bother hedging it given that in the long run it all evens out?

**Mr. Goerz:** In terms of overall results for the U.S. dollar if you figure that of our equities about half sit in the U.S., with about a 6 per cent appreciation in the U.S. dollar versus the Canadian dollar you'd get about half of half, 25 per cent of the 6 per cent. So about 1 and a half per cent probably accrued to the fund over the course of the three quarters that we're reporting on today.

It's interesting. We have tactical opportunities to hedge or not hedge the Canadian dollar. For most of last year we were underweight on the Canadian dollar. That was a tactical decision that we actually made within the fund. It obviously added value by doing that, by being overweight in U.S. dollars relative to the Canadian dollar. We have, through our global tactical asset allocation activities, actually neutralized that going into 2014. A very big, important factor that has played into that has been what the Bank of Canada stance has been relative to tightening interest rates. When it softened its language and went to a more neutral bias from a tightening bias, it was at that point that we saw a significant decline in the Canadian dollar relative to the U.S. dollar.

It is our view, going into this year, that that bias is going to be changing and likely moving back to a more tightening bias, indeed, as the feds move to begin hiking interest rates. We believe the opportunity could open up as early as the fourth quarter of this

year, but it's expected from market consensus to be sometime around the second quarter of next year when the feds will start tightening interest rates. So we've neutralized our underweight Canadian dollars that we had, where we just didn't hedge back some of our investments. We benefited from that during 2013. Going forward, we don't have a bet on that within the context of policy.

**Mr. Dorward:** Great. Great answer. Thanks so much.  
Thank you, Mr. Chair.

**The Chair:** Okay. Thank you.  
Any further questions?

If not, I would look for someone to move the receipt of this report. Moved by Mr. Dorward that

the Standing Committee on the Alberta Heritage Savings Trust Fund receive the 2013-14 third-quarter report on the Alberta heritage savings trust fund as presented.

Those in favour? Opposed? Carried.

Mrs. Jablonski, you had something that you wanted to put on the table here just as a follow-up to this.

**Mrs. Jablonski:** Mr. Chair, I'd like to make a motion. Is this the time for me to make that motion?

**The Chair:** Yes.

**Mrs. Jablonski:** Okay. I would like to move that the Standing Committee on the Alberta Heritage Savings Trust Fund require that all endowment funds that are used by ministries be reported back to this committee annually.

**The Chair:** Thank you.

To the motion – and, really, this is similar to the discussion that we had earlier on the report – it's a matter of public accountability back. While that information is, I'm sure, there today, with the number of new funds being established, this is simply a way, I think, of having this committee be the common point for all of those accountability opportunities. So I certainly would support this for that matter.

Is there other discussion on this motion?

**Mr. Dorward:** Can you just read that again, please?

**Mrs. Jablonski:** I move that  
the Standing Committee on the Alberta Heritage Savings Trust Fund require that all endowment funds that are expended be reported back to this committee annually.

**The Chair:** Mr. Khan.

**Mr. Khan:** Yes. Mr. Chair, is that all funds, including the new funds as of Bill 1 in 2014 and the funds that existed prior to that?

**Mrs. Jablonski:** That's correct. All endowment funds.

**Mr. Dorward:** Is the intention that any money that would come out of the heritage savings trust fund to an endowment would also in the future report back to us? If so, are we something other than the Alberta heritage savings trust fund review committee? Are we also the review committee for those other endowment funds? I just want to have a healthy discussion of what the expectation was.

**Mrs. Jablonski:** Certainly. I don't think there's any other oversight committee for those funds. Because the funds originated from the Alberta heritage savings trust fund and because our public is always asking us what we do with our funds, I think that

it's prudent for us to know how those funds are expended, and to ask the ministries to report back on how those funds were spent is, I think, just basic accountability.

**Mr. Dorward:** I absolutely have no problem with the public accountability part of it. The only thing I'm thinking in my mind is how we as an entity were structured by the Assembly and whether this fits into the mandate that we have. I also understand that for any endowments that are within the heritage savings trust fund, we should know about those ones, but to the extent that there are other ones being created as a result of legislation from the Assembly, is it within our mandate to have reporting back from those without some kind of a change in our mandate at the Assembly level?

**The Chair:** I think part of our role, as I understand it, is to provide that public accountability on the fund. These are funds being taken out of the heritage trust fund, so I don't see how we would possibly be stepping out of our mandate. We're not asking to approve. We're not asking to be involved in how those funds are utilized. What we're asking for is that we become the public accountability mechanism for those funds because they are directly drawn from the heritage savings trust fund.

Mr. Khan.

**Mr. Khan:** Mr. Chair, thank you. I'm going to support this motion. My feeling is that these endowment funds do remarkable work for the province and for a number of different areas in the province. My personal opinion is that the biggest problem with these particular endowment funds is that not too many folks in Alberta understand what they are and the type of work that they're doing on behalf of Albertans, so anything we can do to create more awareness of the funds and the good work and the good stewardship of the funds by our partners I think is a good thing. Because of those reasons, I'm happy to support this motion.

**The Chair:** Okay. Thank you.

Mr. Eggen.

9:50

**Mr. Eggen:** Yes. I think this is a very interesting proposal, and I thank the Member for Red Deer-North for making it. There's a lack of clarity around the endowment funds at this point, I think, in the public's mind, so this might help to clarify things. I think it's fully within our mandate to cast a transparent eye on the money passing out into ministries from endowment and to its utilization, and we track each ministry as well through other mechanisms. This is a good second way to not only follow the money but to account for it as well. Yeah, I think I should be able to support this.

**The Chair:** Okay. Thank you.

Yes, Dr. Sherman. Go ahead.

**Dr. Sherman:** I wonder if I could just ask Leg. Counsel a question. Does this committee have the ability, the authority to make this decision?

Secondly, if you want to talk about accountability and oversight, it's my understanding that this committee used to have the responsibility of the business plan, and with recent legislation that has effectively been removed. We had the ability to review and approve the business plan of the heritage fund, and then the effective oversight role of the committee was removed in legislation. Would that be correct?

**The Chair:** Ms Dean.

**Ms Dean:** Thank you, Mr. Chair. If the question is whether the motion is in proper form in terms of the mandate of the committee, I don't have anything further to add beyond what the chair has already said on that point because these funds do emanate from the heritage fund.

Dr. Sherman, I'm not quite sure precisely what your question is. Is it in terms of how the mandate of this committee has evolved in terms of legislative amendments? Right now the mandate of this committee is to report to the Assembly on the performance of the fund and also to meet publicly with Albertans on the fund.

**Dr. Sherman:** Previously it was my understanding that the committee had the ability to review and approve the business plan and had effective oversight, an oversight role. Was that responsibility removed with the recent legislative changes?

**The Chair:** Mr. Brown, you had a comment?

**Mr. Brown:** Sure. On the business plan, there previously was a business plan for the heritage fund. It was a difficult document in that the business plans are very much tailored around operational divisions, which the fund just isn't. It was not a valuable document. It was some performance measures that are actually covered in the annual report and other mechanisms.

One of the things is that when the department wants to make that change or put forward that change, there's a governance document for the fund called the statement of investment principles and guidelines. It's a much more comprehensive document. It's more robust. It's updated more frequently in terms of being comprehensive and adjusting to changes. It's a far more valuable document than the business plan. In our governance framework, in an attempt to improve governance and transparency and accountability, we put the emphasis on the statement of investment principles and guidelines. The business plan really became quite perfunctory, and it was counter to the governance structure, or it wasn't a good fit in the governance structure in that those business plans are very much tailored to operating divisions, which the fund just isn't.

**Dr. Sherman:** Chair, my question was really around the oversight role of the committee. Essentially, our committee receives a report, we review the report, and we present the report, whether it's to the public or the Leg. Assembly. But does this committee actually have a legislated oversight role over any of these funds?

**The Chair:** To be honest, my understanding, Dr. Sherman, is that, in fact, we don't have an approval authority over any of this, but what we do have is a reporting responsibility, so two entirely different things. One is an approval that was previously part of this committee and is no longer. We are a reporting committee, we are a public accountability committee, but we are not an approval body, as I understand it.

Ms Dean, I will look to you.

**Ms Dean:** Mr. Chair, well said. I don't have anything further to add. Again, if you look at the statute that sets out the mandate of this committee, there's clear wording that says that the committee is to report to the Assembly on the performance of the fund.

**Dr. Sherman:** Thank you.

**The Chair:** Yes. Thank you.

**Mr. Brown:** In the heritage fund act this committee has approval over the annual report, which is why we meet in a few weeks as

opposed to after its release. So you do have approval over that mechanism.

**The Chair:** Just before we move ahead and vote on this, Mr. Brown, as far as operationalizing this, is this something that could become part of the final report each year that we would be able to report on publicly; for example, at the meeting coming up in the fall, maybe not this year but in following years?

**Mr. Brown:** That's a difficult question to answer in terms of the formal reporting mechanism. The heritage fund annual report is for the heritage fund. Certainly, the intent was to include some dialogue around the social innovation and agriculture and food endowments. The other ones have their own acts and their own structure and their own financial statements. Quite honestly, if the motion passes, then we will have to take that away and come back to you with how we would operationalize it.

**The Chair:** Okay. Well, thank you.

Of course, the committee does issue its own report following the public meeting in the fall, so as long as there's an opportunity for us to report publicly on it, whether it comes with the year-end report that you do or whether it comes simply through this committee in our report.

Mr. Dorward.

**Mr. Dorward:** Yeah. I don't want to belabour things, but let me first say that I am totally in favour of having public accountability for the funds. For example, if I could just pick one out of the heritage savings trust fund, in the future money will go into the access to the future fund. Let me give you a little bit of background. There were payments into that. There have been no funds come out of that fund for some time now, and money is going to go back into it. It will be happening. There is an Access Advisory Council, who in the past issued an annual report advising, in a letter to the minister, on the status of the fund and what was happening with it and reporting on it, which is public accountability.

I'm okay to vote yes to this motion, but I'm still a little bit confused about which endowment funds. If we just were to use those words as stated in the motion, does that capture, for example, the funds that are going to go out of the Alberta heritage savings trust fund to the access to the future fund, which also has some reporting, and that now we're going to be reporting on that as well? Are we just going to take their report and table it at this table? I'm not sure exactly about the mechanics of that. I'm more concerned about the mechanics, that we're trying to duplicate something that might already be done. That's a little bit of caution that I have, but I will support the motion, for sure, as public accountability.

**The Chair:** Okay. Mrs. Jablonski, anything to say just to close?

**Mrs. Jablonski:** Thanks very much. To respond to David Dorward on his question, I'm not asking that more reports be done. I'm just asking, first of all, that if those reports are already in place, they be tabled with this committee. Secondly, if there are none available, then I want them to be generated so that we can all see where those funds are being spent, not to make more work but to make sure that we have good public accountability.

**The Chair:** Okay. Thank you.

With that, I will call the question on the motion. Those in favour? Opposed? Carried. Thank you.

Communications update. Member feedback at the last meeting was that the public meeting could be held at a campus in Edmonton in order to target students. The 2014 public meeting is proposed for Lister Centre on the University of Alberta campus on Thursday, October 9, 2014, from 4:30 to 6:30 p.m. In order to plan for the public meeting, a draft communications plan has been prepared by LAO communications with input from myself and, of course, many others.

I would like to call upon Jeanette Dotimas to review the draft communications plan and answer any questions for us.

**10:00**

**Ms Dotimas:** Thank you, Mr. Chair. As mentioned, I am here to present some of the new communications strategies proposed for the 2014 heritage trust fund public meeting and to obtain the approval of the committee to proceed with these recommendations.

Everyone should have a copy of the communications plan that we've submitted. On page 2 we've highlighted the proposed primary goal that we'd like to carry out for this meeting.

By enhancing initiatives that support the annual public meeting, the standing Committee would like to see more Albertans gain a deeper understanding of how investments and proceeds of the [heritage fund] are managed, with the ultimate goal of showing how the Fund relates to everyday Albertans and their future.

The Committee has continually initiated efforts [in the past] to reach as many Albertans as possible.

In 2014 we recommend that the committee focus its efforts on attracting a younger audience, encouraging them to learn more about the heritage fund and to ultimately attend the public meeting in person. We'd like to target the younger demographic as they are politically engaged and socially conscious, and we'd like to reinforce the mission of the fund as it relates to future generations of Albertans.

Also on page 2, as the chair has mentioned, we have the proposed location, date, and time for the public meeting. As you've heard, we recommend that we schedule the meeting tentatively for Thursday, October 9, 2014, and that it be held at Lister Centre, which is a student residence on the University of Alberta main campus.

Previously we've held the meetings between 7 and 9 p.m. We're recommending that an earlier block be used in order to reach the primary audience, so we're looking at 4:30 to 6:30, which is an ideal time for students. It would not interrupt their class time, and it would also accommodate those individuals who'd like to attend the public meeting following their workday. Other blocks were considered. However, considering a number of factors, we've determined that none are as suitable as this time period in order to attract the maximum number of attendees to the public meeting. Lister Hall, of course, is very accessible on the university campus, and it's also nearby to other postsecondary institutions such as MacEwan University.

On page 3 there is a full list of the proposed strategies that we'd like to carry out for the meeting in 2014. There are some new tactics that we are introducing, so I'd like to highlight those as well as those tactics that have some financial implications where we require approval from the committee.

The first strategy would focus on modifying the public meeting format in order to provide more involved educational opportunities from our presenters. Under this strategy I've laid out three specific tactics that we'd like to carry out, the first tactic being that we request a little bit more involved presentation from Treasury Board and Finance as well as from AIMCo. While Treasury Board, of course, and AIMCo have very good

presentations that provide general overviews of the fund's activities for the year, we found in feedback that we received that Albertans do want more information. Albertans accept the importance of having to save for the future, but oftentimes the audience is not able to reconcile with the question of what we're saving for.

So we recommend that we ask Treasury Board and Finance to supplement their reports with information, as you've heard perhaps today, about the Fiscal Management Act and Bill 1, the Savings Management Act, and underneath that, of course, the Alberta future fund, the agriculture future fund, and the social innovation fund or another related topic that's relevant while AIMCo would supplement their portion of the meeting presentation with information perhaps on something like the Norway fund or another topic that is of interest to Albertans.

On page 4 of the communications plan the second tactic we'd like to recommend is for the committee to invite a professor from the University of Alberta to present a fresh perspective on the heritage fund in relation to postsecondary education and to everyday Albertans. We recommend that a professor of perhaps economics or political science be invited to the meeting to present and provide some insights. Such a presentation by someone working directly in Alberta's postsecondary education system would create a balance of opinions and show how the fund has or can impact education in Alberta. In addition, we'd like the speaker, of course, to encourage their colleagues and some of their students perhaps to attend the meeting with them.

Finally, the third tactic we'd like to recommend for educational opportunity is to update the educational video that was produced in 2013 for the purpose of presenting the audience with historical information on the fund. The video was well received. However, it does need some information to be updated to include the most recent changes affecting the heritage fund.

As in the past, of course, we will be supporting the annual meeting by leveraging all of our social media capabilities. The details of those tactics are laid out on page 4 for your consideration. We are recommending that traditional methods remain as part of the communications strategy this year.

We'd like to reach specific audiences by reaching out to the younger audience, as we mentioned earlier, so strategic campus advertising would be applied to support the public meeting. There are opportunities on many campuses to have ads in their newspapers, on campus radio stations as well as their campus bulletin boards. The primary purpose, of course, of the fund is to save for the future, so it only makes sense that we target these postsecondary students as they have a very big vested interest in the future of the fund.

We'd also like to continue to advertise to the newshounds across Alberta. While media relations strategies will be leveraged, we're recommending that we make some investments in radio advertising to guarantee promotion for the public meeting in the fall.

To supplement these efforts, we would like to always maximize free promotional opportunities for promoting the fund. That said, we have social media, so we'd like to direct tweets to postsecondary institutions and related organizations. Lister Hall has also offered to share our information with their students, their residents, and members of the public who follow their posts. There are many intercampus associations at the University of Alberta and the University of Calgary that have vested interests in decisions affecting postsecondary education, so we'd like to reach out to these groups, of course. They have publications, e-mail distribution lists, and followings through which we can reach many of their members.

Media relations will obviously be carried out. News releases, media advisories, and any opportunity to garner media interest in the public meeting will be executed.

We will also be producing an e-card, which we will produce in-house, and it will be sent to all the MLAs and members of this committee for dissemination.

We recommend that the committee sustain efforts to reach a province-wide audience via television broadcast and also the online stream on the Assembly website. Shaw TV is available during the block that we've recommended, and we'd like to use this vehicle again to reach audiences. We are also recommending that the meeting be incorporated in a webcast via our assembly.ab.ca. Shaw will confirm that the markets in addition to the major population centres will be included in that broadcast to reach the smaller communities across the province. As well, they are going to be rebroadcasting the meeting on the same day between 7 and 9 p.m., when the regular meetings have happened in the past.

General advertising tactics are recommended again this year. We have local advertising here in Edmonton with the *Edmonton Journal*, the *Edmonton Sun*, the *Edmonton Examiner*, and *Vue Weekly* as well as province-wide advertising to over 100 weekly papers and the seven daily papers across the province.

Last but not least, we'd like to continue to create the statistics cards that we created in the past. These cards communicate a brief background on the fund as well as the current financial information and promote the public meeting date also.

As always, we will gauge interest and feedback by analyzing the online statistics, survey results, and reports received from Shaw TV on their television viewership after the meeting.

With that, the total estimated costs for the proposed efforts for this year's public meeting are approximated at \$56,400, and we would like to seek approval from the committee to continue on with these communications efforts.

Thank you, Mr. Chair.

**The Chair:** Okay. Thank you very much.

Questions? Mrs. Jablonski.

**Mrs. Jablonski:** Thanks very much. And thank you for that communications plan. I'd like to congratulate you on the changes that we're making, one being the location, which I think is a better known location. As well, there's easier access to that location because of the LRT, so I think that's fantastic. The other thing is that you're targeting the younger audience. Although sometimes they scare me with their questions, they are the people that this fund is developed for in the future, so I think that's fantastic as well.

I like your advertising plan. One thing that I am concerned about is to ensure that people who are technologically challenged like myself have the ability to call in. I know that the Internet system works really well, and we've shown that in the past. I'm thinking about people that might not have access to the Internet but would like to ask questions. My question, then, is: will we have phone-in available so that you can just use the old-fashioned telephone to ask a question of the committee?

**10:10**

**Ms Dotimas:** At this time we have not considered the phone-in feature, and I'm afraid I don't have the answer as to why that was not considered in the past. Perhaps it was the location or the availability of the technology. I'm not sure.

**Mrs. Jablonski:** Maybe we could just investigate that and see if it is a viable option. It may not be. I just was wondering.

**Ms Dotimas:** Were you speaking about the interactive portion of it or the ability to actually call ahead, perhaps submit questions prior to?

**Mrs. Jablonski:** I was thinking more of the interactive ability. Just as we can do that on the website as you're listening, typing in your questions, I was wondering if we would be able to make the phone available for people that don't have access to the Internet.

**Ms Dotimas:** Yeah. If you don't mind, I would like to defer to my colleague Tracey, who has more experience in this case.

**Ms Sales:** Thank you for the question. We actually were asked to look into this a few years ago, and in discussions with Shaw they were quite worried about the logistics and how it would affect the broadcast as far as having people call in and how we would represent that. With the online, because we actually funnel the questions through the chair or the deputy chair, as it were, it affects the broadcast a lot less and has more of a streamlined look. It actually has been something that we discussed with Shaw, and they were quite concerned about the logistics of the call-in questions.

**Mrs. Jablonski:** My idea wouldn't be that we actually hear the caller but that somebody is at our end of the phone taking the questions, and you stream the questions to us, just like you do with the Internet questions.

**Ms Sales:** Okay. That is something that we could look into. We'd have to ensure that we had a dedicated phone line, I would assume, in the conference centre room, but that would be something that we could possibly look into.

**Mrs. Jablonski:** I would appreciate that. Thanks very much.

**Mr. Dorward:** Well, at the same time you might want to explore texting and tweeting. I mean, if we drive people to tweet questions, we're going to drive them to the tag, right? That gets our tag used more out there anyway, gets people used to using that tag. Maybe not texting; that might be a stretch for people. You know, you can't go too far.

I did have an honest question. What are our costs? Does anybody have this, or maybe you could get back to the committee? It seemed to me that in 2012-2013 we went up about \$25,000 or \$30,000. Are we now flat from 2013? We did have a bump in there.

**Ms Dotimas:** I believe that our committee clerk would maybe have the information. I don't have the financials on me.

**Mr. Dorward:** I don't need the answer right now, but I just wouldn't mind it. Maybe we could insert it into the minutes as a follow-up. I hope that we're staying flat because we did increase quite a bit last year in order to have the extra reach that we were looking for.

**Ms Sales:** Mr. Chair, I can speak to that. In 2012 we did include a number of additional initiatives such as the video. This year the video does not need to be re-created in its entirety. It will just be updated, so there will be a minimal cost there.

Another initiative that was introduced last year was the radio advertising aspect, which added about an additional \$10,000 to the communications plan. That initiative was explored simply because of the public feedback. We found that in previous years, when we were able to garner media interest from the radio, a lot of our listeners actually did hear our message and then, of course,

watched the programming. We decided to invest some dollars in the radio advertising avenue. Those dollars are also being invested this year, so I would suggest that the advertising costs for this year are actually very comparable to last year.

**Mr. Dorward:** I'm very much in favour, Mr. Chair, of this plan, and I thank everybody for working on it so well.

**The Chair:** Okay. Thank you.  
Mr. Khan.

**Mr. Khan:** Thank you, Mr. Chair. Just really quickly I want to acknowledge the tremendous amount of work that both Tracey and Jeanette put into this meeting. They do an outstanding job. I want to thank you for this plan. I think that if you're going to go duck hunting, go where the ducks are. I think this is a fantastic avenue and opportunity to get more exposure for the meeting, which I think you've done a remarkable job of producing.

When it comes to the video, again, I thought last year's video was done particularly well. I just want to bring to your attention and also, you know, give some applause to the fine folks from Treasury. Perhaps outside of that marvellous video that you produced last year, I think one of the best videos that I've seen from a government was an online video that was released on September 16, 2013, about the Alberta public-sector pension sustainability. It took a very complex issue and sort of distilled it in graphical form into something that was very comprehensive and understandable. I'm not certain of the expense or who produced it or the company that did the video, but I would encourage you to reach out to our friends at Treasury and find out who did. It was remarkable and very, very, very well done.

Other than that, I'd just encourage you in your work and thank you for a job well done last year. We're excited about the direction we're headed this year.

Thank you.

**The Chair:** Thank you.

Ms Dotimas, you had a point?

**Ms Dotimas:** I did. I just wanted to add, just as a point of clarification, regarding the online chat. It's been sort of a traditional method of communication with our audience in the past, and we have decided to do away with that. We found that last year, particularly – Mr. Dorward, you'd be happy to hear – we actually filtered a lot more questions through Twitter and were able to monitor that stream a lot more effectively in terms of the themes that were being discussed, which we brought forth during the meeting.

With that, we are still focusing on engaging with the audience but just using different means that seem to be used more often nowadays.

**The Chair:** If there are no further questions, I'd look for someone to move acceptance of the report. Mr. Khan. Moved by Mr. Khan that

the 2014 communications plan be approved as presented. Those in favour? Opposed? Carried. Thank you.

We're very tight on time. In fact, we're four minutes over right now. [interjection] I know. It's hard to find a good chair these days.

We still have the public website information here in front of us. I'm assuming everyone has had a chance to review it. I guess what I would ask is whether, in fact, there are any questions in relation to the information that was provided.

If there are none, then Thursday, June 19, is the next meeting date. Do we have a time?

**Mrs. Dacyshyn:** One o'clock.

**The Chair:** One o'clock. Okay. Thank you.

With that, a motion to adjourn? Mr. Amery. Those in favour? Opposed? Carried.

Thank you very much to Treasury Board and Finance and AIMCo for taking time to be here early this morning.

[The committee adjourned at 10:19 a.m.]







