Legislative Assembly of Alberta

The 29th Legislature
Third Session

Standing Committee
on the
Alberta Heritage Savings Trust Fund

Wednesday, September 20, 2017
1:30 p.m.

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Alberta Heritage Savings Trust Fund

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Standing Committee on the Alberta Heritage Savings Trust Fund

Participants

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Lowell Epp, Assistant Deputy Minister, Treasury and Risk Management

Alberta Investment Management Corporation
Dale MacMaster, Chief Investment Officer
Mark Prefontaine, Senior Vice-president, Client Relations
Kevin Uebelein, Chief Executive Officer

1:30 p.m. Wednesday, September 20, 2017

[Mr. Coolahan in the chair]

The Chair: Good afternoon, everyone. I'd like to call this meeting of the Standing Committee on the Alberta Heritage Savings Trust Fund to order. My name is Craig Coolahan. I'm the MLA for Calgary-Klein and the chair of this committee. I'd like to welcome everyone back. I hope everyone had a good summer. I'm looking forward to discussing the first-quarter report and the upcoming public meeting. I'm equally as happy to not be discussing DST right now, so thank you, everyone.

We'll start with introductions, starting to my right.

Mr. Carson: Hello. Jon Carson, MLA for Edmonton-Meadowlark.

Mr. Horne: Trevor Horne, MLA for Spruce Grove-St. Albert.

Mr. Dang: Good afternoon. Thomas Dang, MLA, Edmonton-South West.

Mr. Kleinsteuber: Jamie Kleinsteuber, MLA for Calgary-Northern Hills.

Dr. Turner: Bob Turner, MLA, Edmonton-Whitemud.

Mr. Prefontaine: Mark Prefontaine, Alberta Investment Management Corporation.

Mr. MacMaster: Dale MacMaster, AIMCo.

Mr. Uebelein: Kevin Uebelein, AIMCo.

Mr. Epp: Lowell Epp, Alberta Treasury Board and Finance.

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

Mr. Robe-From: Nelson Robe-From, Auditor General's office.

Mr. Smith: Mark Smith, MLA, Drayton Valley-Devon, replacing MLA Taylor.

Mr. Ellis: Mike Ellis, MLA, Calgary-West.

Mr. Cyr: Scott Cyr, the MLA for Bonnyville-Cold Lake.

Ms Sales: Tracey Sales, communications services with the Legislative Assembly Office.

Ms Sorensen: Good afternoon. Rhonda Sorensen, manager of corporate communications with the LAO.

Mr. Koenig: Good afternoon. I'm Trafton Koenig, Parliamentary Counsel.

Dr. Massolin: Good afternoon. Philip Massolin, manager of research and committee services.

Mr. Roth: Good afternoon. Aaron Roth, committee clerk.

The Chair: Thank you.

For the record I'd like to note that Mr. Carson is substituting for Mrs. Schreiner, Mr. Smith is substituting for Mr. Taylor, and Mr. Kleinsteuber is substituting for Ms McKitrick as per Standing Order 56(2.1) to (2.4).

Before we turn to the business at hand, a few operational items. The microphone consoles are operated by *Hansard* staff, so there's no need for members to touch them. Please keep cellphones and BlackBerrys muted. Audio and video of the committee proceedings are streamed live on the Internet and recorded by *Hansard*. Audio and video access and meeting transcripts can be obtained via the Legislative Assembly website.

The first item on the agenda is the approval of the agenda. Would anybody like to move that?

Mr. Kleinsteuber: I'll move that.

The Chair: Mr. Kleinsteuber would like to move that the agenda for the September 20, 2017, meeting of the Standing Committee on the Alberta Heritage Savings Trust Fund be adopted as circulated. All in favour? Any opposed? Then that motion is carried.

The next item is the approval of the minutes from the meeting of June 21, 2017. Would anybody like to move that these be adopted as circulated? Mr. Horne moves that the minutes for the June 21, 2017, meeting of the Standing Committee on the Alberta Heritage Savings Trust Fund be adopted as circulated. All in favour? Any opposed? Hearing none, that is carried.

Okay. We'll move on to our first-quarter report. The Alberta heritage savings trust fund first-quarter report for 2017-2018 was released on August 23, 2017. Committee members were sent notification of its release, and the report was posted to the committee's internal website. The Alberta Heritage Savings Trust Fund Act mandates that one of the functions of the committee is to receive and review quarterly reports on the operation and results of the heritage fund.

We are pleased today to have Mr. Kevin Uebelein, Mr. Dale MacMaster, and Mr. Mark Prefontaine with AIMCo and Mr. Lowell Epp and Mr. Rod Babineau from Treasury Board and Finance here to assist us with the review.

I will turn the floor over to Mr. Epp and then Mr. Uebelein, and we will have questions following that. Gentlemen.

Mr. Epp: Thank you, Mr. Chair and members of the committee. Minister Ceci is unable to make it today and sends his regrets. I'm very pleased to be here on behalf of the department to discuss the first-quarter update for the Alberta heritage savings trust fund. We are here today to provide the committee with an update, and certainly at the conclusion of this little period, where I will talk and AIMCo talks, we're happy to take any questions you may have.

As far as the first-quarter update goes, I will spend a few minutes going over some of the highlights of the report and then ask my colleagues from AIMCo to speak about the fund's results from their perspective and provide some commentaries on what they see happening in the markets.

The legislated objective for the heritage fund is to maximize the long-term investment returns for the fund within a prudent level of risk. The heritage fund provided a return of 1 per cent over the first three months of the 2017-18 fiscal year. Results were driven by the fund's main asset classes, with equities, fixed income, and inflation-sensitive and alternatives each returning about 1 per cent. The fund continues to exceed long-term policy benchmarks, with a five-year annualized rate of return of 11.3 per cent and a 10-year rate of 6.8 per cent.

The heritage fund had a fair value of $17.2 billion as of June 30, 2017, which is net of the $482 million of income payable to the general revenue fund. The heritage fund's portfolio is allocated in the following asset classes: 45.6 per cent in equities, 34.3 per cent in inflation-sensitive and alternative assets, 19 per cent in fixed income, and a further 1.1 per cent in overlays. The heritage fund has earned $539 million net after expenses of $32 million. Investment income is greater than investment return because many of the gains that we are experiencing now came from previous periods but were only realized in this quarter.

Finally, I would like to provide an update on the Alberta growth mandate. In Budget 2015 the government announced that 3 per cent of the heritage fund would be allocated to directly invest in Alberta growth. Since the announcement in October 2015, $217 million has been invested across 19 separate investments. Two investments have recently been divested, and AIMCo can speak to these divestments. Investments that fit into the Alberta growth mandate must also meet the heritage fund's legislated requirement to maximize long-term investment returns, and we will continue to provide the committee clerk with periodic reporting regarding investments made under this mandate as progress is made.

That concludes my remarks, and I would pass it on to my colleague Mr. Uebelein.

Mr. Uebelein: Thank you, Mr. Epp. Thank you, Chairman and members of the committee. Today my prepared remarks will be very brief indeed before I ask my colleague Dale MacMaster to talk about the quarter's performance and the investment environment we're in.

I'd like to take a moment, though, to formally introduce to the committee, to my far left, Mr. Mark Prefontaine. Many of you will already know Mark well. He's been with AIMCo for almost one year but, prior to joining us, had spent 14 years working within Alberta government in a range of important roles. At AIMCo Mark is a member of our executive team, and he has specific responsibilities for the front-line relationship AIMCo has with all of our clients, including, of course, the heritage fund. As Mark's knowledge and understanding of both the heritage fund and AIMCo continue to grow, I intend to have him join the standing committee sessions and take part, especially in instances where I may not be able to attend personally.

I don't want to be redundant with any of the comments either by Mr. Epp or Mr. MacMaster, so instead, if I may, I'd take a minute or two to focus on the topic of AIMCo's strategy. Our core business of investing is nonseasonal in nature, and by that I mean that every day we have to get up and involve ourselves in the day-to-day operation of investing. That being said, the summer months, that have just passed, do afford us a good opportunity for focusing on our strategic priorities. For AIMCo, our strategic thrust is to focus on a few specific areas of our business where we believe we can and indeed we must be as good as anyone in the business in the world, and all of this is for the goal of sustaining our performance advantage over the long run.

While Dale and his team are daily fighting to deliver superior risk-adjusted returns for you and our other clients, we are meanwhile trying to map out long-term strategies to continue to increase our capabilities and our stature in six specific areas of focus. These areas are investment strategy, risk, client service, governance, our own culture, and people development. I'm hoping that at some time in the not-too-distant future we can further describe the efforts we're taking in each one of these six areas. I just wanted to give you a sense that our summer is full of a lot of strategy, a lot of activity.

I now would like to pass the microphone to Dale to talk about the investment environment and our performance in the first quarter.

Mr. MacMaster: Great. Thanks, Kevin. As Lowell pointed out, the return for the quarter ended June 30 was 1.03 per cent versus the benchmark of 1.07. That's all very interesting, but I think what's far more interesting are the longer term returns. I'm referring now to the bottom of page 1, the table there, you know, the five-year returns of 11.3 per cent versus 10.67 per cent and 10-year returns of 6.8 versus 6.5.

Of course, you've heard us say numerous times that we're long-term investing. I think what's interesting is that when we look at the 10-year return, that now takes into account the credit crisis, which was probably the worst period of investing ever. It highlights a very important, I think, lesson for investors, and that is, quite frankly: don't get too hung up on the short term.

1:40

As dreadful as the credit crisis was and as the short-term returns around that period were, when looked at through the lens of a longer term period like 10 years, you know, it's really just a speed bump. I think that's a lesson that many investors struggle with, in fact, and get caught up in the turmoil and the psychology of those types of markets and actually panic and sell as opposed to investors like ourselves, who hold ourselves to a discipline and actually use those opportunities to get into the market and buy attractive assets at very attractive prices. Everyone at AIMCo has their list of dream investments they'd like to buy should the price hit. It's important for us as investors to have faith in the asset mix, which our friends in Finance help to construct, and have faith in our own investment process in analyzing investments and buying at reasonable prices.

Of course, we have to be ready for the next time this happens, because it's been a long bull market. It's been eight years. As we look at the market today, valuations are lofty, complacency in the market is high, and volatility is low. This past summer was a record period of low volatility. We saw, you know, weeks and weeks of market moves of no more than 1 per cent, which is really unusual. We've seen investors flood in to exchange-traded funds in record numbers. We don't know what the outcome of that will be when a crisis hits or a correction happens.

Interest rates are starting to normalize. Growth in Canada has been very good at 4 and a half per cent, leading the developed markets, and the Bank of Canada has responded by increasing interest rates. That's the tricky part. With valuations where they are today, the normalizing of interest rates – and not just in Canada, of course. It's the U.S. Federal Reserve and even Europe. All the central banks are withdrawing stimulus now. How do we navigate that with valuations where they are? As a result, we're fairly cautious. We'll be patient. These periods can last a long period of time, and no one has a crystal ball and knows when the correction will happen.

Another notable issue, of course, is comparing this year to last year. Last year investors were concerned about things like Brexit, the U.S. election and the shock of that result in November as well as the Brexit shock. There were concerns about higher interest rates in Greece and Europe and so on. This year the market has really, you know, just streamed ahead despite sabre-rattling in Korea, again the threat of interest rates, the fizzling out of the Trump rally, as it were. The market has focused a lot more on the economic fundamentals, which is a good thing for us, and by that measure things aren't too bad. Growth is normalizing. We're seeing better growth in Canada, the U.S., Europe. Inflation is still at bay – we're in a kind of Goldilocks period – but as employment improves, we should start to see some inflation pressures emerge from wages, and that could lead to higher rates. So this explains our caution.

Perhaps I'll leave it at that and take questions.

The Chair: Great. Thank you.

We'll open up the floor to questions. Mr. Ellis.

Mr. Ellis: Thank you. Thank you, again, for being here, gentlemen. I guess the first thing that popped to mind here are the recent interest rate hikes. I know you slightly touched on it, Mr. MacMaster. For, I guess, the layperson like myself, how does this really affect our heritage trust fund? Is it good? Is it bad? Is it wait and see? The interest rate hikes that not only have occurred but may likely occur in the future: how is this going to affect you guys?

Mr. MacMaster: Yeah. It's a great question. I suppose one way of looking at it is that if the central banks are normalizing interest rates, it's because they have confidence in the economy. We did go through a crisis, and it was a very deep recession, so to the extent that things are better – growth is happening; employment is improving around the world – the normalizing of interest rates is a good thing. I don't think any of the central banks really want to tip over the economy, but they would like to get rates back to what I'd say is normalization – okay? – which probably for Canada is another 100 or 150 basis points higher than where they are today.

But I think the central banks would like to do that without creating a recession or a crisis, right? I think that's the thing to keep in mind. For long-term investors like us, what that means is that there may be a period of adjustment on that path but that, ultimately, higher rates mean higher rates of return in your bond portfolio, which is a big part of the heritage fund. So that's good.

Also, you know, again, there could be a period of adjustment for assets like infrastructure or real estate, but ultimately a higher cap rate is also good for you, and higher rates of return factored into our investments in infrastructure are also a good thing. The challenge is to navigate that path without tipping things over.

Mr. Ellis: Right.
A follow-up, sir?

The Chair: Sure.

Mr. Ellis: Just another question, I guess slightly different. Again, from the layperson perspective, you know, I keep hearing about a whole bunch of positive investment on the New York Stock Exchange and that there are record highs. Has this caused you guys, as far as AIMCo, to look at the American market in a positive way despite the political uncertainty, with all these other investors investing in the New York area? Is this good or bad or a positive thing for you guys?

Mr. MacMaster: Well, of course, when the stock market is making record highs and you're invested there, that's a good thing for you. That's great. But as we look across all of the assets, not only equities but fixed income and the hard assets, too, like real estate, things have been fairly frothy. Cap rates are low. People are bidding up things like infrastructure. Exchange-traded funds, where a lot of retail investors have their funds parked, have embarked on this rallying. It's been long. That's the concern. It's really the valuations concern that we have. There isn't really any place to hide because, you know, interest rates are low. Fixed income returns aren't that great.

If you look at Canada this year, for instance, yes, the S&P year-to-date is probably up 11 and a half per cent, but the Canadian dollar has rallied as well. It's up about 10 per cent. So for a Canadian investor not hedged, you're kind of flat, and bond returns are more or less flat, too. The Toronto Stock Exchange is flat. So that's why your return for the quarter was 1 per cent for investors for the full year. It hasn't been much more than that for Canadians. We think our Canadian market is more attractive than many of the other equity markets. The struggle for Canada, of course, has been energy and materials and even financials. You know, they see the banks go down 10 to 20 per cent from their highs around concerns around the housing market in Canada and debt to income for Canadians, which is at record highs, and these kinds of things. Despite that, the Canadian stock market actually looks pretty reasonable versus the equity market.

All this is to say that, you know, tactically we're pretty close to home. You need to be invested in equities, but the valuations are pushed.

Mr. Ellis: Thank you.

The Chair: Dr. Turner.

Dr. Turner: Thank you, Chair, and thank you to the folks from AIMCo and Treasury Board and Finance for coming today. It's actually already been a very interesting and, I think, instructive period of time. I know I'm not supposed to use this for my own personal investments, but I always find it useful to listen to you guys.

Actually, Mr. Epp commented on the growth mandate in his opening remarks, and I wanted to spend some time today asking about the excellent work that AIMCo has been doing to execute on this priority for our government. I guess the first question is in two parts. Can you give us a kind of big picture update on the progress towards the growth mandate?

The second part actually comes from a previous meeting. That is, there was an investment under the growth mandate in Savanna Energy, and the current report says that that investment was made and then quickly divested with a really good return. Can we hear some more about this transaction and perhaps other things that you're working on under the growth mandate?

1:50

Mr. MacMaster: Sure. Well, we've been busy. We've continued to make more investments even since the end of the quarter, all told probably closer to $300 million. There have been a couple of sales. Savanna was one and TransAlta Renewables. TransAlta Renewables: it was about two years ago that we invested. Of course, the important thing to remember is that we're all about economic return. That's what drives us. That purchase was made roughly around $9, and over the two-year period – you know, that was an opportunistic purchase, and investors were more or less out of favour with that particular company. For our investors looking at the alternative set, looking around the world, TransAlta Renewables looked pretty attractive even compared to private investments in infrastructure, so we thought it was a great time to purchase it. It fit nicely with the objectives of the 3 per cent, so we purchased it.

Then over the two-year period the story around that stock started to emerge, other investors were attracted, the stock price went up to close to $15, and that represented for us close to a 60 per cent internal rate of return, which is pretty fabulous for everybody. We could step away, take a nice profit for the heritage fund while other investors were attracted to the name and took our place, if you will. I think that's a good example of how we like to invest.

In the case of Savanna, Savanna Energy was formerly the fourth-largest contract drilling service provider in Canada. The structure here was a $200 million second-lien loan, so a debt security with a 7.15 per cent coupon along with some warrants and equities. The equity book price was $10, and we ended up, you know, getting 13 per cent. The IRR was 35 per cent on that particular one.

You know, we've made a whole host of investments in the energy sector in large part because other investors have shunned that, as you all know, and we've been able to structure transactions that in general have been debtlike with equity warrants for a potential upside. I think it's been successful.

We've made additional investments in real estate. We've also funded a debt facility on behalf of Kinder Morgan's activities in Canada, including the construction of the pipeline. We've made an investment in agriculture through a fund as well. We continue to look for opportunities to put this money to work and get a terrific income return for the heritage fund.

Dr. Turner: Well, thank you very much. That's really exciting.

Actually, I just want to follow up perhaps to get a bit more information on the first part of my other question, on the big picture. It's my understanding that there are about I think 19 investments that have been made through the growth mandate. This is basically to support economic activity in this province, including job creation. You know, I'm really excited to hear that companies like Savanna Energy, a major drilling contractor that has lots of work here in this province, are supported, and I think the same thing could be said about Calfrac, which was one of your original investments under this growth mandate. Actually, I'd like to hear some more about: what's your impression of what the sort of economic impact of these investments has been in Alberta?

Mr. MacMaster: Well, that's really hard for me to say because, as I pointed out, we're really about an economic return. The Alberta growth mandate was set up to align with that, with the notion that it would create jobs and build new infrastructure, diversify the economy perhaps, support Alberta's growth, you know, connect Alberta companies to global markets, and so on. It's really hard for us to quantify, but I think it's pretty obvious that when others are evacuating the landscape – and these have been well documented, announced in the press; some of the international players have abandoned the energy sector in Alberta, with depressed prices – the investments we've made for the purpose of economic return have also helped in this regard. But if you ask me to quantify it, I couldn't tell you.

Dr. Turner: Okay. I realize it's difficult.

Mr. Uebelein: Dr. Turner, the only thing I'd add to what Dale mentioned is that first I would reiterate that our sole criteria for investing is economic return on that investment. By adding an additional allocation to Alberta opportunities with a focus on opportunities that would provide growth in Alberta, we're actually, if you will, going a bit longer in a sector where we've already been long. If you look at our exposure to Alberta, it's always been in that sort of 8 to 10 per cent, and it stays around that 10 per cent allocation. That's much higher than Alberta's place in the overall economy if we think of ourselves as global investors.

My only other point, though, would be to say that in situations like Dale spoke to, where there's a dearth of capital investment from other sources and we see an investment opportunity, I hope you appreciate that a job preserved or saved is really as strong as a new job created. In situations where you have oil and gas companies who want to preserve their capital structure in order to continue operating, in order to continue with their projects that they have had on their strategic plan, then, again, we can't quantify whether the jobs created are X, Y, or Z, but we have a lot of faith that, amongst other things, we are helping preserve jobs that were already in place that might otherwise not have been preserved over that period.

Dr. Turner: Just as a final comment, you mentioned the Kinder Morgan line of credit, I guess, or something like that?

Mr. MacMaster: Yes, a debt facility.

Dr. Turner: A debt facility, which is similar to a line of credit, I guess. I mean, that is really important for this province, too, because we need to get Kinder Morgan. We need to get shovels in the ground. We need to get that activity going, and I'm really pleased to hear that you folks are doing this.

I'll turn it over.

The Chair: Mr. Smith.

Mr. Smith: Okay. Thank you. I want to speak to the investment side of things here, where the investment is going. On pages 18 and 19 of the report you describe the policy benchmark return. In layman's terms how is the policy benchmark return set, and how could you have missed the target by 0.1 per cent?

Mr. Epp: The policy benchmark is set based on the types of investments in the asset allocation. We have a target allocation of 50 per cent equities, 30 per cent to alternatives and infrastructure investments, and 20 per cent to fixed income. For instance, for equities the policy benchmark is the global stock market index, essentially. That's 50 per cent, 30 per cent goes to infrastructure and alternative investment related indexes, and 20 per cent goes to fixed income related indexes.

Mr. Smith: Okay. So how could you have missed the target?

Mr. Epp: Well, active management will at times exceed the target, and sometimes it will not exceed the target. That's the nature of the risk taken. We tend to evaluate that over at least a four-year period. To look at it over one or two quarters is simply too short to evaluate.

Mr. Smith: Okay. I have a second one.

The Chair: Yeah. Go ahead.

Mr. Smith: There's a $339 million drop in the accumulated remeasurement gains on page 16 of the report. This accounts for the overall carrying value of net financial assets dropping to the tune of about $282 million over the last quarter. Is that correct?

Mr. Epp: What happens is that part of the statements are done on a market value basis, but we don't recognize in income the gains until they're actually realized.

Mr. Smith: Okay.

Mr. Epp: So what happened is that $339 million worth of gains previously accrued have now been recognized through transactions. So it's not a loss of value. It's a recognition of value that occurred in previous periods but now is coming into income.

2:00

Mr. Smith: Okay. Just a question that sort of comes out of an article that I was reading this morning. In the *Journal*, I believe it was, there's an article that says that Canada has been flagged as there is $14 trillion worth of credit that has been hidden in global markets, that it is $14 trillion of new global debt hidden in derivatives and swap contracts, that this doubles the underlying level of offshore dollar credit in the international system, and that it's placing, literally, the world at risk of a funding crisis. Any comments about how that impacts what you guys are going to be doing with the heritage trust fund?

Mr. MacMaster: I'm not sure what that number is or means. You know, I just don't know how to comment on that. Maybe what I could tell you is that to the extent that regulators felt that derivatives, in particular credit derivatives and credit structures, were responsible in part for the credit crisis, they've taken huge steps in opening that up and regulating that and forcing banks, which are the biggest users of derivatives, quite frankly, to provide capital support for those positions. They're very highly regulated now. As an investor I feel much more comfortable about derivative exposures today than I would have 10 years ago.

Mr. Smith: Now, I mean, I just found it fascinating. The Bank for International Settlements has come out and said: we've got a problem here, and it's a big problem. As we're moving forward, I guess, on behalf of Alberta citizens I think we need to be aware of that if indeed there is some merit to this.

Mr. MacMaster: Yeah. There are a lot of issues that we're concerned about, I mean, certainly things like credit in China, even locally, debt to income, you know, and with Canadians in the housing market and so on. But derivatives, at least from our standpoint, are probably in much better shape. The oversight of derivatives use in the developed markets is in much better shape than it was 10 years ago. Could there be issues there? Yes, there could be. We can't control what others do in terms of risk taking. It's up to investors to be responsible for the positions they take on.

I know that, from our own standpoint, in terms of managing derivatives, we've made tremendous steps over the years in terms of our oversight and our control and use. A big part of that has just been opening it up to more transparency so that our board, our clients, our consultants, and the Auditor General have this information available. We have a lot of oversight, and this has completely been opened up. We have policies on the use of derivatives and leverage. So it's much improved.

Mr. Smith: Okay. Thank you.

The Chair: Mr. Horne.

Mr. Horne: Yeah. Thank you. I just wanted to first thank you all for all of your hard work. I wanted to ask a question that I've asked previously, but I think it's an important question that helps contextualize each quarterly report as well as the annual report. I was wondering if the AIMCo officials could share with us a bit about the global investment landscape and the challenges and opportunities facing the fund; specifically, if there are any insights into, I suppose, the global picture short term, within the next year, as well as the next five years that you're seeing and if there are any big trends and how AIMCo is positioning the fund to address those.

Mr. Uebelein: Of course, I should defer to the chief investment officer, and I shall, but I would say that I think, from our perspective, the biggest macro story Dale already touched on, and that is that we are entering a period that is as equally unmapped as the previous period. Where central banks around the world were printing money and lowering rates, we're now entering the other side of that mountain, if you will. It's equally unmapped. Central banks, including the Bank of Canada and the Fed in the U.S. as well as in Europe, are now tightening – they're raising rates – and, as Dale said, they want to do this in a way that maintains overall economic growth around the world.

But there's no manual, so it's going to be very interesting watching them go through their actions, and then we will have to take cues on a daily basis from what unfolds. You could see growth continue apace, in which case the overall asset prices that we see would in no way constitute a bubble but might constitute a full price but with strong economic growth – we're quite comfortable with that – or you could see growth start to withdraw in reaction to higher rates. That's the big macro story that we think and talk about a lot.

If you want to add another story . . .

Mr. MacMaster: Yeah. Maybe I'll just touch briefly on what we do with the portfolio. First of all, look, corrections are inevitable in investing, and I touched on this before. You know, we'll get one. We don't know if it's today or tomorrow or next year, but it'll come. The important thing is just to be ready for it and know that it's a normal part of investing. Just like I pointed out, the credit crisis, when you look back over 10 years – okay? – was a speed bump. It wasn't fun at the time, but it really doesn't make that big a difference in the scheme of long-term investing. It's important to be ready so that when it comes, you can go: "Okay. The market is down 25 per cent. I'm not worried because I have faith in my investment policy and my investors and the asset selection, and I know we'll come out of it. And, by the way, what should I be buying here while things are on sale, right?" So it's that kind of mentality.

What are we doing in the portfolio today? Well, you know, we've reduced our credit exposure and put it more in what we call the front end, which is less risky. We've taken some sales. We like to call this a good period to weed the portfolio. Securities you have in the portfolio, that may be fully valued, maybe haven't worked out. Not everything works out. It's a good opportunity to sell those. Maybe they don't fit with the strategy anymore. Ten years ago we bought an infrastructure asset in the U.K.; it doesn't really fit with our strategy today, which is to have governance rights, a big position, and exercise change in the management level to get value from the asset. So that doesn't fit? Sell that, maybe, in an environment where people are paying up. That's the sort of thing we do with the portfolio.

Mr. Horne: Okay. Kind of building on the global picture a bit more, I was also wondering if we could drill down a bit into a more geographic level; specifically, if there are any noticeable trends in North America as opposed to Europe, Asia, et cetera. I'm also hoping that officials could comment on the interrelationship between the developing and emerging markets and if there's any convergence or divergence there and if there's anything that this committee as well as Albertans should be aware of about that, in your view.

Mr. MacMaster: Okay. Sure. Well, let me start with the front end of that question. In general, you know, in coming out of the credit crisis, the U.S. was a leader in terms of emerging from that, with Canada probably behind a couple of years and Europe even further behind.

Where are we today, fast-forward? Well, you know, growth is coming back, around 2 per cent in the U.S. Canada lately has picked up, to everyone's surprise. So Canada is leading in terms of growth right now. We don't think that's sustainable, 4 and a half per cent annualized growth, with the challenges that Canada has. It's going to be tricky, right? The challenges are a Canadian dollar that has rallied and is quite strong and is going to ultimately impact our exports. We have tax changes coming. They're going to affect small business. That can't be good.

We also have Alberta, which from the bottom has bounced, but oil is still 50 bucks with a question mark. You know, maybe it levels out, but I don't think anyone is thinking gangbusters, right? We've had a spurt of growth here, but it probably levels out, especially as the Bank of Canada increases rates. So it's great now but maybe a little bit of a question mark down the road.

Europe, which was behind everybody in terms of its recovery, with many problems there in Portugal and Spain and Italy, continues to face issues but is now emerging, and they're getting positive growth. They had negative interest rates. Those are normalizing slowly behind North America, but that's happening. That's good, and they're starting to talk about withdrawing stimulus as well, as is the central bank in the U.S.

2:10

We're on the path to a better economic scenario, but I think most people would tell you that we're not going back to pre-2008 in terms of growth levels for global growth or even North America or Europe and probably rates not normalizing to that extent either and inflation as well. So we're in a new world. Maybe that's due to technology or demographics, but most people would suggest it has been slow and long and probably isn't going to get back to levels we saw prior to 2008.

In terms of the emerging markets, well, the funny thing about the emerging markets is that, yes, it's great for growth; however, they're also risky. So if you think we could have a correction coming, emerging markets will feel that pinch as people withdraw capital and put it into safer places like North America and into fixed income. So there's that to contend with. On a valuations basis they're reasonable, but really you can't look at the emerging markets as one entity. What's going on in Russia is very different from Brazil, you know, or China. You really have to be specific in your stock selection, and we don't consider ourselves here in Edmonton expert at picking those securities, so we use external managers to guide us on that.

Mr. Horne: Okay. Thank you for that insight.

The Chair: Thank you.
Mr. Cyr.

Mr. Cyr: Thank you, Chair. I have some questions regarding the AIMCo board governance. I'm sure you're tired of hearing about this. First off, I'd like to thank both the Finance department and AIMCo for submitting answers to the questions that we had from two meetings ago. Thank you very much. It does shed some light on your points of view here.

Now, I guess, from what I can see here, since that meeting, two meetings ago, it sounds like AIMCo and the government of Alberta, or the Finance department, sat down and said that the original guidelines for hiring needed to be altered to be able to fit the fact that AIMCo is unique in its need for competent board members. Is that the case, or am I reading into this document?

Mr. Uebelein: I would describe it somewhat differently. As with all similar organizations to AIMCo within government, we've had the need to articulate a document called the mandate and roles document, or the so-called MRD. These MRDs are really working-level documents that help define how we will interact on a day-to-day basis with government. If, on one hand, we were having a very rich conversation about governance and how we were going to be working, as we have in the past, with government on finding new board members, we took this other plot line, which has been ongoing, frankly, for several months before any of this, as an opportunity for us to also be able to put down in writing and on paper how we're going to deal with each other. It's actually ended, I think, quite well.

In other words, we now have a situation where through the MRD we have clear clarification of the arm's-length independence that AIMCo has enjoyed in the past and will continue to enjoy in terms of its operational independence. It helps articulate from a very high level but also in some detail how both government and AIMCo will work together to continue to continuously replenish the board.

And here is what I mean by that. We want to follow the government's new guidelines, and at the same time we want to have the AIMCo board actively involved at the front end of that to ensure that we have the highest calibre board members. For instance, some of the changes around posting for new board seats through advanced means; you know, a very advanced web portal to make sure that we're not missing any opportunities for truly qualified people: we completely embrace that. The notion of going with all due haste towards a completely gender-balanced board: we are completely online with that. What we wanted to make sure we preserved was the notion that our board could play a very active role in defining which specific investment skills were needed to be filled with those next subsequent board members and, if you will, help monitor and manage the winnowing down process. You start with hundreds of potential board members. Which ones have those skills? Which ones fit the criteria best? Then at some point we hand it over to government. At the end of the day, it is indeed, you know, the minister who has the last say on new board members.

That's a very long-winded way of saying that I think that we've addressed, you know, any areas of concern. We feel that we're in a very good spot, where we've maintained just exactly the right level of balance with government. Our two newest board members, Sharon Sallows and Sarah Raiss, are extremely qualified people, and I think in many respects the proof is in the pudding. If we can continue to attract people of the calibre of Sharon and Sarah, then we will be in a really good spot.

I appreciate the question, though, and I never get tired of answering it.

The Chair: I don't know if you saw this document that was on the committee website, the document that was provided to me as the chair from Ms Rosen and Mr. Uebelein around the new board appointments, and also the mandate and roles document, which can also be found on AIMCo's website.

Mr. Cyr: Yes. Thank you. I was very appreciative that they submitted that.
Mr. Chair, may I continue?

The Chair: Yeah. Go ahead.

Mr. Cyr: Okay. Seeing that your team executive has changed – now we see that Mr. Prefontaine has been added to your CEO team. Is that correct?

Mr. Uebelein: Yeah, to the executive team. That's correct.

Mr. Cyr: And Mr. Prefontaine was an ADM with the Finance department?

Mr. Uebelein: Among other roles, yes.
Perhaps you want to give an oral recitation.

Mr. Prefontaine: Very quickly. I joined what was then known as Alberta Finance, came up through the pension regulatory stream, eventually landed in the assistant deputy minister of financial sector regulation and policy role for a period of about five years, briefly held other positions within government, senior ADM and a brief secondment, before I joined AIMCo in November of last year.

Mr. Cyr: Okay.

Mr. Uebelein: In addition to his experience in government – this is the sort of thing Mark may not add – he has a CFA designation. For those of you who aren't familiar with that, that's probably the most rigorous independent certification of investment knowledge. It's a three-year course of study. He understands AIMCo well from being on the other side of the equation, he certainly understands government as both a client and as the owner of AIMCo, and he has some investment chops, if through no other means but that certification. It doesn't come easily.

Mr. Cyr: May I follow up?

The Chair: Quickly.

Mr. Cyr: Okay. Now, was Mr. Prefontaine appointed to your executive committee by your direction . . .

Mr. Uebelein: Absolutely.

Mr. Cyr: . . . or by the board's direction?

Mr. Uebelein: Entirely my decision.

Mr. Cyr: Entirely. Thank you.

Mr. Uebelein: Technically the board selects the CEO. The CEO, with, of course, very close advice and consultation with the board, then makes other executive hiring and firing decisions.

Mr. Cyr: It just seems coincidental that you had some concerns about how we were recruiting board members and not being able to, say, meet that expectation, and suddenly we have an ADM pop into your executive. I'm not trying to lead this anywhere, but it just is surprising to suddenly see somebody at the table from the Finance department.

Mr. Uebelein: His joining of the team predates any of this clear-air turbulence, and as we say in the investment business, correlation does not mean causation, so these are completely unrelated issues.

Mr. Cyr: Thank you, sir.

2:20

The Chair: Okay. Great.
Mr. Kleinsteuber.

Mr. Kleinsteuber: Thank you, Chair, and I'd like to join my colleagues in thanking everyone for joining us here today. I guess for the benefit of the committee and the benefit of all Albertans I'd like to ask AIMCo officials about one other item that we frequently see in the business press about infrastructure investments. I keep seeing that large pension funds like AIMCo are investing in big malls, utilities, toll roads, and airports. I'm just wondering if you could shed some light on why these infrastructure investments are so popular with the large pension funds.

I was wondering if you could let the committee know as well some of the big holdings that we have here in Canada and around the world in that category of private infrastructure, as pointed out on page 2. Then I'll have a supplemental maybe.

Mr. MacMaster: Sure. Well, first of all, why infrastructure? If you look traditionally at how pension funds invested, it was largely in stocks and bonds, and over the last 30 or 40 years they've expanded the types of assets that they're investing in into things like real estate, infrastructure, and private equity for diversification benefits, for one. In particular, what is interesting about infrastructure is that it has a risk-and-return profile somewhat between stocks and bonds. There's usually an income stream, often tied to inflation, so an inflation-linked stream, which is ideal for pension liabilities, which, of course, are linked to inflation as well. There's an alignment there which is nice, but the risk profile of infrastructure as well aligns well.

You've got to keep in mind, too, that with pension funds they have an obligation to meet the long-term liability requirement, the funding requirement, but they also get measured on a short-term solvency basis. The issue is that if they don't meet that on a short-term basis, then they have to raise contributions. Alberta pensions, like many defined benefit plans, have very high contribution rates and can't really afford to do any more there. What does that mean? Well, it means that if stocks get drawn down 50 per cent over a two- or three-year period, you may not meet that solvency test, so if you can find other assets like real estate and infrastructure that immunize you somewhat, protect you somewhat from what we could call the equity market beta, that's a good thing, all right? They fit well with the asset mix. That's a good thing.

Also, unlike stocks and bonds it's not something that everybody can do. To go around the world and buy private infrastructure and real estate assets, you have to build up internal teams of expertise, which is not easy to do. It took us years and years to do that. We started with funds, so investing in funds, having other people invest on our behalf for a fee. Then we did co-invest, and now we do direct deal. It's difficult, and it's certainly not available for the most part for retail-type investors. It's kind of a private club for institutional investors. The cheque sizes are very large. The complexity is huge as well, right? That provides an advantage.

In terms of the last part of your question, you know, we own London City Airport in London. We partnered with several others and own that airport. We own Porterbrook trains, which is a railway leasing car company. We owned a Chilean toll road, which we sold last year for a huge gain, for many years. Toll roads, airports, utilities: those are very attractive assets for us. That market today is, like all the other assets in our portfolio, fairly frothy. We're maintaining our discipline in how we approach that, but we do see a few opportunities in front of us that we'll be looking at.

Mr. Kleinsteuber: Thank you, Mr. MacMaster. If I could ask a supplemental. I mean, knowing the consistency, I guess, of this particular investment opportunity – I see that just coming out of the gate in the first quarter, we're at about 1.9 per cent – is this an investment that often pays a little bit more over the course of a year, then, or is it just because maybe we've exchanged a few of those other investments?

Mr. MacMaster: Well, it's a good question. You're right. Typically these investments would have a small income stream. You know, it might be 1, 2, 3, or 4 per cent, something like that. We really only apply a very good valuation, a very sharp valuation, once a year, so what you see through the course of the year is the asset sort of holding its valuation. Then when we mark it at year-end, if things are going well, it gets a big lift. That's how that works.

Mr. Kleinsteuber: Okay. Thanks a lot.

The Chair: Mr. Dang.

Mr. Dang: Thank you, Mr. Chair, and thank you for coming to present again. I do have a quick question to ask about collaboration between AIMCo and other large pension funds, and depending on the answer, I guess I'll have a follow-up. As we all know, across Canada AIMCo has a number of peers like CPPIB, the Ontario Teachers' Pension Plan, bcIMC, and so on. Does AIMCo partner at all with other funds or work in collaboration at all?

Mr. MacMaster: Sure. Both. We compete with other pension funds for assets.

Mr. Uebelein: And sometimes for talent.

Mr. MacMaster: And sometimes for talent.

And we collaborate and partner with them, too. It's kind of a delicate balance, but in terms of collaboration right through our organization our key folks have relationships with others at these other firms, and there are six or seven in Canada that are well known. You know, HR, risk management, investing, clients right through the organizations, CEO level: we keep in touch with each other because we have similar issues and objectives and constraints, so it helps to meet and discuss issues with them.

I attend a couple of CIO round-tables every year with my counterparts at the other large funds, and it's a very good discussion that we have about issues, maybe, you know, that are facing the industry: how to handle leverage and liquidity and derivatives, what's happening in North Korea, what we are doing on tax structuring transactions, and so on. It gets a little trickier on the competing for investment . . . [inaudible]

The Chair: I'd just say that after Mr. Dang, being cognizant of the time here, we take a couple more questions and then move onto the communications piece.

Mr. Dang: It seems like we lost our mikes as well. Can we keep going, do you think?

The Chair: In light of our technical difficulties I think we'll recess for five minutes and see if we can get that back. We'll return in five minutes and see if we can have lights, camera, and action.

[The committee adjourned from 2:28 p.m. to 2:34 p.m.]

The Chair: Okay. We're good? Okay. We'll call the meeting back to order. We seem to have the technology solved here.

Mr. Dang, I'm just going to move on if you don't mind. Did you have your question answered?

Mr. Dang: Yeah. Sure. Could I just have one quick follow-up, I guess?

The Chair: Okay. Quick.

Mr. Dang: Sure. Yeah. I guess now that we're back into it, just a follow-up on your answer. Thank you. I just want to say based on, like, the collaboration that you've already been doing and some of the competing as well, would you say that collaboration increases over time, decreases over time? If it does or if it stays the same, could you maybe speak to why?

Mr. MacMaster: It's close, but I would say that there has probably been a little more collaboration in the last six or seven years rather than, you know, say the previous 10, and I think a large part of that is just the credit crisis and the issues that investors face in many, many areas. That's had us congregate a little bit more together to deal with issues.

Mr. Uebelein: I would agree with him, but I would also add that as AIMCo's capabilities in some of these areas – as Dale already mentioned, infrastructure has grown, we've had more opportunities to sit, if you will, at the big people's table with some of our peers and collaborate, perhaps, a bit more often. That's a good thing.

Mr. Dang: Perfect. Thank you.

The Chair: That's great. Thank you.

Mr. Carson.

Mr. Carson: Yeah. Go to Mr. Ellis.

Mr. Ellis: I'll be brief. Sir, on page 1 of your report you note that there are three additional investments that were made under the Alberta growth mandate. I just wonder if you can elaborate. What were the investments that you were referring to?

Mr. MacMaster: Kinder Morgan was one, the debt facility for Kinder Morgan; Whitecap Resources, which was a private debt transaction that we did; and Ember Resources, which was a preferred share with warrants.

Mr. Ellis: Do you have any numbers as to how much?

Mr. MacMaster: Yeah. Sure. Whitecap was $45 million in total, for the heritage fund roughly $9 million. Ember was $48 million total with $9 million for the heritage fund. Kinder Morgan, the facility, is $150 million, which represents about $30 million for the heritage fund if it's drawn.

Mr. Ellis: I assume they all met the criteria for the Alberta growth mandate?

Mr. MacMaster: Yes.

Mr. Ellis: Okay. Good. Thank you, sir.

The Chair: I've been informed that the communications piece in this shouldn't take too long. I want to leave some time for questions on the communications piece as well. We can continue with this line of questioning if you'd like for another five minutes or so.

Mr. Carson, you had a question.

Mr. Carson: Yeah. Thank you very much, Chair, and of course thank you all for being here. It's been very informative. I'd like to ask about the rise of exchange-traded funds. I believe you may have made a reference to it in your opening statements, in particular the rise of ETF funds that track broad indexes. It does seem that Canadians are increasingly voting with their wallets and looking at these passive funds as an opportunity. Can officials at AIMCo please provide some input into why Canadians are moving their money this way and what it might mean for our portfolios through AIMCo?

Mr. MacMaster: Well, these investment tools have become more popular because of the limited choices that are available to the retail investor, that are available for institutional investors like ourselves. For instance, if you were an investor and you wanted to invest some funds, you would have to go to a mutual fund, or if you had a lot of money, maybe you could hire an investment counsellor, or you're left to do it yourself, which would, I guess, involve hiring a broker and trading stocks. None of those have been really great solutions for the retail investor. The growth in ETFs has been because they're so popular because they provide a solution for the retail investor, which is access to global markets in a way that's cheap, so you get the broad market return quite cheaply.

The cost is a big deal. If a mutual fund costs 2 or 3 per cent, you know, versus an ETF of 20 or 30 basis points, that's a huge difference, and that compounded over many, many years is very important. That's why at AIMCo we're very conscious of keeping our costs as low as possible, and we compare ourselves to other global investors to really make sure that we're in the top quartile. At least we try to be in the top quartile of investors in terms of cost. That's why they're so popular, I think.

You know, it's not just broad market indexes, but it's absolutely exploded into niches. In fact, I saw a couple today that have come out. One is focused on cybersecurity companies. You know, it's the flavour of the day.

Mr. Uebelein: I would also add that the dramatic increase in these passive ETFs, or tracker funds, has been over the same period as this eight-year bull run, so a momentum-based passive investment strategy has provided quite good returns, and if you can achieve those with virtually no cost compared to the very high loads that, particularly, Canadian mutual funds have, then that's a good thing.

2:40

The question is when, not if. When we leave this bull market period, will active management, again, do a better job of creating value, and will we see a bit of a reversal? I don't think you'll ever see ETFs go away, but this sort of no-brainer attitude – this is, for retail investors, the smartest way to go – might reverse itself a little bit when the market rolls over.

Mr. Carson: Just a quick follow-up, if I may. Are there any challenges or opportunities within AIMCo from this rise in ETFs?

Mr. MacMaster: Well, I think the big question mark is: what happens when there's a correction? You know, if prices fall dramatically, what happens with the ETFs is that they become disengaged with the underlying indexes, and if you demand liquidity at any price, you're a seller. You may pay a very steep price for that. In other words, a tracking error between your ETF and the index can diverge quite a lot, especially in extreme periods and also for those ETFs that aren't the broad market but niche plays. It remains to be seen. This hasn't been tested yet with the hundreds of billions that have been put into these ETFs. Even in Canada I think there are 600 now. It'll be very interesting.

The opportunity for us is in crisis, and when the psychology changes, when investors are panicking, we can be on the other side of that, taking advantage, maybe even arbing that trade, right?

Mr. Carson: Thank you.

The Chair: Mr. Smith.

Mr. Smith: Thank you very much. In reference to pages 2 and 10, could you please explain what types of investment made up most of the $550 million decrease in the value of equities?

Mr. MacMaster: The total equities I have returned .96 versus benchmark return of 1.06, so trailing the benchmark over the quarter by 11 basis points. Canadian equities outperformed by 40; global equities outperformed by 28; private equity underperformed by over 2 per cent. Again, that, you know, is partly because the benchmark increases in value, and we don't price the private equity assets except once a year, when we sharpen the pencils. We expect to pick up on that. Over any one quarter you can't read too much into things. At least we don't pay too much attention. We don't ever say that we guarantee we're going to outperform. In fact, we don't guarantee we'll perform before a long time. We try, but it's really quite volatile.

Mr. Epp: Just to add to that, you'll note that the overall fair value of the fund went down by about $650 million between June and March. That's simply a reflection of the fact that when the fund makes income, earns income, it gets transferred to the GRF. It's inflation protected, so there's a certain amount that doesn't get transferred to the GRF. All other income gets transferred to the GRF. Assets have to be sold to make that transfer. By the looks of it, the simple answer to your question is that equities had to be sold to accumulate enough funds to transfer to the general revenue fund.

Mr. Smith: Okay. Thank you.

The Chair: My apologies, Dr. Turner. I think we're going to move on from here.

First of all, I'd like to ask if a member would like to move that the committee receive the report. Dr. Turner moved that

> the Standing Committee on the Alberta Heritage Savings Trust Fund receive the 2017-2018 first-quarter report on the Alberta heritage savings trust fund.

All in favour? Any opposed? Hearing none, that is carried.

Thank you, everyone, for being here today. You're welcome to stay or leave. The next topic is about the communications plan around the public meeting, which I know you'll play a role in, so you're welcome to stay or attend to other business.

The next item on the agenda. As you know, committee members, the Alberta Heritage Savings Trust Fund Act requires holding a public meeting informing Albertans of the status of the fund. At its June 21, 2017, meeting the committee agreed to hold this year's public meeting on October 26, 2017, here at the Edmonton Federal building from 7 p.m. to 9 p.m.

At this time I'd like to call on the committee clerk to give a brief overview of the preparation status for the public meeting. Mr. Roth.

Mr. Roth: Thanks, Mr. Chair. I won't go long. Just to let you know, preparations are certainly under way. Just a couple of points. The meeting is currently set to be held in this room, same as it was last year. Just so you note as well, unlike some other meetings the LASS will be screening on the first floor for anybody coming into the meeting, so that will be done on the main floor. We received some statistics cards and information cards about the fund but also about the public meeting, so we'll be distributing that to each of the constituency offices in the coming days. Just reminding also that the whole meeting will be video and audiostreamed as well.

That's what I had, Mr. Chair.

The Chair: Okay. Great.

Hon. members, at the meeting on June 21, 2017, there were questions about the Shaw TV coverage of the public meeting in light of the closures of that broadcaster in Edmonton and Calgary. I can confirm that Shaw intends to broadcast the meeting in their remaining markets of Fort McMurray, Hinton, Edson, Red Deer, Medicine Hat, and Lethbridge. It's our understanding that this will be at no cost to the committee. Communications services will continue to work with broadcast services and Shaw on this component and advise the committee if anything changes. Any questions about the Shaw broadcast at all at this point? Thank you.

At this time I'd like to invite Ms Tracey Sales from the Legislative Assembly Office communications to provide the committee with additional updates regarding communications, broadcasting, advertising, and the committee's introductory video updates. Ms Sales, please.

Ms Sales: Thank you, Chair Coolahan. First, I'd like to start with follow-up on some questions that were directed to communications services at the June 21 meeting. The first question regarded incorporating video chat during the Q and A portion of the public meeting. We have looked into this. As you know, currently we allow the public to submit questions through Facebook, Twitter, and e-mail. One of the primary reasons why this has been successful is actually because it provides online engagement while not disrupting the live meeting or the live broadcast of the meeting or the webcast.

Managing multiple video chat participants during a live broadcast would actually be quite challenging. The committee so far has only hosted video conferencing with scheduled presenters who have actually used purpose-built video conferencing equipment that was able to be tested ahead of time; however, if this is an initiative that the committee would like us to pursue further, we can look into exploring the resource, budgetary, and technical implications of incorporating multiple-participant video chat into future live broadcasts. This would not be possible for the 2017 public meeting.

The Chair: That's fine.

Any questions on that for Ms Sales?

Ms Sales: The other question that we received for follow-up was regarding viewership data of the 2016 public meeting broadcast. While we are able to capture online viewership data for the live broadcast, we don't actually have the software that would allow us to retrieve viewership stats from the archive video.

The Chair: Questions on that?
You just knocked it out of the park.

Ms Sales: Okay. And as far as video production, yes, the video is in production, and we hope to have something for the committee to review quite shortly if all things fall into place, hopefully some time late next week.

The Chair: Yeah. I was really disappointed to hear that we weren't going to get to view it today. I'm serious. I'm serious.
Where would we be able to view that when it's ready?

2:50

Ms Sales: We will send a link.

The Chair: You'll send a link.

Ms Sales: Yeah.

The Chair: Okay.

Dr. Turner: Are there pictures of the chairman in the video?

The Chair: Can we have a motion to make sure I'm in the video?

Mr. Cyr: Absolutely. We want that to pass. It'll pass.

The Chair: Excellent.
Have you concluded your remarks?

Ms Sales: That's all I have to say.

The Chair: Okay. Any questions for Ms Sales?
Seeing none, thank you so much for that report.
I guess we'll move on. Are there any items of other business that members wish to raise at this point?
All right. The date of the next meeting, the public meeting that we discussed, will be on October 26 unless it's deemed by the chair that we should have one prior to that.
Other than that, would anybody like to call for a motion to adjourn? Mr. Horne. Moved by Mr. Horne that the meeting be adjourned. All in favour? Any opposed? The motion is carried. Have a good evening.

[The committee adjourned at 2:51 p.m.]

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