Legislative Assembly of Alberta

The 30th Legislature
Second Session

Standing Committee on the Alberta Heritage Savings Trust Fund

Tuesday, January 25, 2022
1:30 p.m.

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Standing Committee on the
Alberta Heritage Savings Trust Fund

Rowswell, Garth, Vermilion-Lloydminster-Wainwright (UC), Chair
Jones, Matt, Calgary-South East (UC), Deputy Chair

Allard, Tracy L., Grande Prairie (UC)
Bilous, Deron, Edmonton-Beverly-Clareview (NDP)*
Eggen, David, Edmonton-North West (NDP)
Gray, Christina, Edmonton-Mill Woods (NDP)
Hunter, Grant R., Taber-Warner (UC)
Phillips, Shannon, Lethbridge-West (NDP)
Rehn, Pat, Lesser Slave Lake (UC)
Singh, Peter, Calgary-East (UC)

* substitution for Christina Gray

Also in Attendance

Aheer, Leela Sharon, Chestermere-Strathmore (UC)

Office of the Auditor General Participants

W. Doug Wylie	Auditor General
Nelson Robe-From	Principal

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Teri Cherkewich	Law Clerk
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Sarah Amato	Research Officer
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Aaron Roth	Committee Clerk
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Tracey Sales	Communications Consultant
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Amanda LeBlanc	Deputy Editor of *Alberta Hansard*

Standing Committee on the Alberta Heritage Savings Trust Fund

Participants

Ministry of Treasury Board and Finance
Brittany Jones, Senior Manager, Portfolio Analytics and Research
Stephen J. Thompson, Executive Director, Capital Markets

Alberta Investment Management Corporation
Dale MacMaster, Chief Investment Officer
Amit Prakash, Chief Fiduciary Management Officer
Evan Siddall, Chief Executive Officer

1:30 p.m. **Tuesday, January 25, 2022**

[Mr. Rowswell in the chair]

The Chair: Okay. Good afternoon, everyone. I'd like to call the meeting of the Standing Committee on the Alberta Heritage Savings Trust Fund to order and welcome everyone in attendance.

My name is Garth Rowswell, the MLA for Vermilion-Lloydminster-Wainwright and the chair of the committee. I'd like to ask the members joining the committee at the table to introduce themselves for the record. I will call on those joining by videoconference after we get around the table. So to my right.

Mr. Hunter: Grant Hunter, MLA for Taber-Warner.

Mr. Jones: Matt Jones, MLA, Calgary-South East.

Mr. Eggen: Good afternoon. My name is David Eggen. I'm the MLA for Edmonton-North West.

Ms Robert: Good afternoon. Nancy Robert, clerk of *Journals* and committees.

Mr. Huffman: Hello. Warren Huffman, committee clerk.

The Chair: Virtually, I'll ask you by your name.

Mrs. Allard: Good afternoon. Tracy Allard, MLA for Grande Prairie.

The Chair: You're breaking up a little bit, but hopefully that gets better.

Mr. Bilous: Good day. Deron Bilous, MLA, Edmonton-Beverly-Clareview.

Ms Phillips: MLA Shannon Phillips, Lethbridge-West.

Mr. Singh: Good afternoon, everyone. Peter Singh, MLA, Calgary-East.

The Chair: I see MLA Aheer is on as a guest. Do you want to introduce yourself?

Mrs. Aheer: Thank you. Leela Aheer.

The Chair: Okay. Thank you.

Is Pat Rehn on or not yet? Not yet. Okay. Good.

We also have guests from the Ministry of Treasury Board and Finance, AIMCo, and the office of the Auditor General joining us, so please introduce yourselves for the record. We'll start with the Treasury Board and Finance group first.

Mr. Thompson: Hi. Steve Thompson, Treasury Board and Finance.

Ms Jones: Hello. Brittany Jones, Treasury Board and Finance.

The Chair: Thank you.

And AIMCo.

Mr. Prakash: Good afternoon. Amit Prakash, chief fiduciary management officer.

Mr. MacMaster: Dale MacMaster, CIO with AIMCo.

The Chair: Is that it? Okay.

And the Auditor General office.

Mr. Robe-From: Good afternoon. Nelson Robe-From with the office of the Auditor General.

The Chair: Okay. Thank you very much.

For the record I will note the following substitutions. Okay. MLA Pat Rehn, can you hear us?

Mr. Rehn: Yes, I can.

The Chair: Okay. We'll get you to introduce yourself for the record.

Mr. Rehn: Okay. This is Pat Rehn, MLA, Lesser Slave Lake.

The Chair: It's Evan Siddall on the line. Oh, there you are. If you can introduce yourself.

Mr. Rehn: Yes. This is Pat Rehn, MLA, Lesser Slave Lake.

The Chair: Okay. We got that, Pat. We're asking for Evan Siddall now.

Mr. Siddall: Can you hear me now?

The Chair: Yeah, I can. Yup.

Mr. Siddall: Okay. Sorry. I was having the usual technical difficulties.

I'm going to make a short introduction, and then my colleague Dale MacMaster, our chief investment officer, will make a presentation concerning our performance. I just want to give you a little bit of background on what's been going on in AIMCo the last little while. I think, as you know, when . . .

The Chair: Mr. Siddall, can I just stop you for a second? I kind of missed you during the introductions, so I was just looking for you to introduce yourself as an individual. I've got a few more things to say, and then we'll go from there.

Mr. Siddall: My apologies. I'm Evan Siddall, chief executive officer of AIMCo.

The Chair: Okay. Thank you very much.

I'd like to note the substitutions: Deron Bilous for Christina Gray.

A few housekeeping items to address before we turn to the business at hand. I would note for members that masks should be worn in the committee room except when you're speaking, and members are also encouraged to leave an appropriate amount of distance around the table. Committee room galleries are currently closed to the public, so guests attending committee meetings are required to do so virtually. Please note that the microphones are operated by the *Hansard* staff. Committee proceedings are live streamed on the Internet and broadcast on Alberta Assembly TV. The audio- and videostream and transcripts of meetings can be accessed via the Legislative Assembly website. Members participating remotely should ensure they are prepared to speak or vote when called upon, and videoconference participants are encouraged to have their cameras on when speaking and their microphones muted when not speaking. Members participating virtually who wish to be placed on a speakers list are asked to e-mail or send a message in the meeting chat to the committee clerk, and members in the room are asked to please signal the chair. Please set your cellphones and other devices to silent for the duration of the meeting.

A draft agenda was distributed to all members. Does anyone have any changes or additions to the draft agenda? Okay. If not, would someone like to make a motion to approve the agenda? MLA

Eggen. Moved by MLA Eggen that the agenda for the January 25, 2022, meeting of the Standing Committee on the Alberta Heritage Savings Trust Fund be adopted as distributed. All in favour? Any opposed in the room? No. Online, all in favour? Okay. Any opposed? Okay. That's carried. Thank you.

Approval of the minutes. Next we have the draft minutes from the October 25, 2021, meeting. Do members have any errors or omissions to note? Okay. If not, would someone like to move to approve the minutes? MLA Hunter. Moved by MLA Hunter that the minutes of the October 15, 2021, meeting of the Standing Committee on the Alberta Heritage Savings Trust Fund be approved as distributed. All in favour in the room, say aye. Any opposed? Online, all in favour, say aye. Any opposed? Passed.

The Alberta heritage savings trust fund second-quarter report for 2021-22 was released on November 30, 2021. Members were notified when the report was posted to the committee's internal website. As committee members will be aware, the Alberta heritage savings trust fund mandates that one of the functions of the committee is to receive and review quarterly reports on the operations and results of the heritage fund.

We're pleased to have representatives from AIMCo and Treasury Board and Finance here to provide us with an overview of the report and answer any questions members may have. I'll turn the floor over to our guests. Please begin when you're ready. Now it's your time, Mr. Siddall.

Mr. Siddall: I think – Mr. Thompson, are you going to present first? Stephen?

Mr. Thompson: Generally we do, Evan, if you don't mind.

Mr. Siddall: That's what I thought. Please go ahead.

Mr. Thompson: Thank you, sir. Good afternoon, Mr. Chair and members of the committee. Thank you for having us here in attendance today. My name is Stephen Thompson. I am executive director of capital markets in the treasury and risk management division of Treasury Board and Finance. Minister Toews and Deputy Minister Mentzelopoulos are both unable to attend today and send their regrets.

I am pleased to be here to present the second-quarter results for the Alberta heritage savings trust fund. The quarter ended September 30, 2021, was overall very positive for the fund and adds yet another consecutive quarter of positive absolute returns. The main drivers of investment performance during the current fiscal year have been global developed equities and private equity. However, all of the asset classes within the fund have generated value for the heritage fund.

The overall strength of the global markets has been a clear factor in the outsized returns generated by AIMCo over the current investment year, but active management has also played a significant role year to date. I will begin by addressing the long-term performance of the fund as outlined in the Statement of Investment Policies and Goals. The heritage fund, as you may recall, has two return targets: a real return target and an active management target. The real return target is for the fund to earn a return that is equal to or greater than 4.5 per cent plus inflation over a rolling five-year period. The return on the heritage fund over the past five years was 8.1 per cent while the targeted real return was 6.2 per cent, so 1.9 per cent over the target for the period. Average returns over 10 years were 10.1 per cent at quarter-end.

It is worth noting here that the real return target has hovered in the 6.1 per cent range for some time due largely to the fact that global central banks have targeted steady levels of inflation. As we are now seeing inflation creep up, this may have a short-term impact on the return target in the coming quarters. Obviously, if inflation continues to stay at higher levels, the benchmark target will also remain higher.

1:40

The fund's second return target, the active management target, helps to evaluate the asset manager's value-add performance over time. The target is to earn a return that is 1 per cent or higher than the returns of the passively managed portfolio. Over the same five-year period the passive or policy benchmark has returned 7.8 per cent versus an 8.1 per cent five-year return. So by this measure the investment manager, AIMCo, has outperformed the passive benchmark by 30 basis points, .3 per cent, although the expectation was 1 full per cent.

Now to discuss the second-quarter results. The Alberta heritage savings trust fund returned 2.4 per cent over the quarter, outperforming the benchmark return of 1.4 per cent. This marks the sixth consecutive quarter of positive returns for the fund and a healthy fiscal year-to-date return of 8.0 per cent. The heritage fund and the majority of all investment funds have sustained quite a bit of volatility since the COVID-19 pandemic was declared in early 2020. The results from this quarter go to show that a patient and long-term view to managing the assets of the heritage fund will deliver in the long run. Despite the volatility in markets the investment principles of the heritage fund have remained the same, and the result is that we are now beginning to witness returns being generated from this patient approach.

Over the quarter investment performance was driven primarily by private equities and public equities. The total equities asset class for the heritage fund is made up of private, foreign, and Canadian equities. The total asset class returned 14.6 per cent over the first two quarters of the fiscal year, with the most noteworthy contribution coming from private equity, which returned a very healthy 27.1 per cent over the last six months. The fund saw a tremendous benefit from the strong results from equities as 51.1 per cent of the fund is invested in these assets.

Income generation from the fund has also been a positive story for the quarter. Over the quarter the fund generated net investment income of $530 million after expenses of $34 million. Cumulative net income generated over the first six months of the fiscal year was $1,198,000,000, net of $90 million in expenses. After inflation-proofing of $287 million, the general revenue fund is expected to receive $911 million from income generated during the fiscal year. We do expect this number to increase significantly by fiscal year-end unless there are unforeseen market developments.

Inflation-proofing does continue to be higher than normal due to an increase in the Alberta consumer price index. Alberta CPI is the measure of inflation that is used in the inflation-proofing calculation that protects the fund from losing real purchasing power over time. Over the years the fund's growth has occurred mainly by retaining this part of the income generated. Department-led work on the investment strategies continues as we look to ensure alignment is maintained with the fund's long-term goals, and we remain confident that the heritage fund is well positioned to generate value for Albertans over the long run.

Thank you, Mr. Chair. That concludes my prepared remarks.

The Chair: Okay. Thank you very much.

We'll now move on to AIMCo and have their presentation.

Mr. Siddall: Thank you, Mr. Chair. As you can tell, I was anxious to offer comments. Sorry; I couldn't hear you. I'd like to introduce my colleagues Amit Prakash, who is our chief fiduciary management officer, and Dale MacMaster, who is our chief investment officer. I'll have more to say about Dale in just a few moments. Dale will offer our perspective on the second quarter as well as our outlook for the year.

I'm here to tell you that AIMCo is back in many ways. Of course, it's manifest in the performance that Dale will take you through, but last year we faced a pandemic as so many others did. We took on $30 billion of new investments and new assets under management as a result of three new clients. We had a record year, as Dale is going to tell you, and in addition we have made the organization a more effective, more efficient organization. We've flattened its corporate structure, we've rationalized our committees in terms of decision-making from 21 to seven, and we're recruiting some new leadership that will fortify the organization in the future.

Part of that is because Dale has decided to retire after a nearly 30-year career at AIMCo, the last seven as CIO, during which he saw our assets under management double from $80 billion when he became CIO in 2015 to $166 billion today. He finishes on a high note, as he will take you through. We've really benefited from Dale's service to Albertans, and I'm happy to introduce him now.

Mr. MacMaster: Thanks very much for that warm introduction, Evan. Good afternoon and welcome, everyone. Of course, we're very pleased to join you here today to discuss the performance of the heritage fund for the second quarter, ending September 30 of last year. You know, at this point in January 2022, we can actually look back at 2021 as one of the best years for balanced fund returns since the early '90s. The unprecedented scale and breadth of policy support in response to the pandemic and the rollout of vaccinations to billions of people really worked to reverse the economic contraction that we saw in 2020 and lifted global growth to close to 6 per cent in 2021, so it was another big year for stocks, with solid, double-digit gains in global equity markets. Equity markets rallied throughout 2021 as earnings recovered and investors grew more confident that ultimately COVID could be overcome.

U.S. and Canadian equities led global markets higher with advances broadening throughout various sectors. European markets saw proportional gains in local currencies although a rising Canadian dollar and U.S. dollar dampened some of those gains for dollar-based investors. Emerging markets lagged in part due to lower vaccination rates but also China's softer equity in credit markets, which was brought on by heavy-handed regulatory curbs and an economic slowdown. The bond markets suffered somewhat in the face of a global rise in inflation and the prospects of a receding wave of policy support. Over the calendar year government bonds experienced modest negative returns. Alternative fixed-income assets such as mortgages and private debt, that the heritage fund has exposure to in the portfolio, fared much better, earning positive returns in 2021.

With that as sort of a market backdrop and building on the strong momentum from the previous quarter, the heritage fund, you know, second-quarter results were a gain of 2.4 per cent, exceeding the benchmark by 1 per cent. This takes the one-year return for the heritage fund to 16 and a half per cent, with AIMCo outperforming the benchmark by 6.2 per cent.

Both public and private equities were big drivers of performance in the quarter. The private equity portfolio, which gained 7 per cent for the quarter, had a record-breaking 67 per cent return on a year-over-year basis, which is really over the top. The economic environment has been very favourable for private equity over the last couple of years, and fund flows into private equity have been very robust. AIMCo was able to take advantage of robust pricing to sell a number of investments that led to really strong returns. Public equities also performed quite well. Canadian equities were up 1 per cent for the quarter and up 34 per cent on a year-over-year basis. Global equity is up 3 per cent for the quarter and 28 per cent on a year-to-date basis, with AIMCo exceeding benchmarks by over 6 per cent in both cases.

While it's great to report the strong results, I can also tell you, now that we are at the end of January and we have completed, you know, the third fiscal quarter for the heritage fund, ending December 31, that it was also a very good quarter for the heritage fund. Year-end valuations for our illiquid assets came in very strong, especially for real estate assets, which saw an increase in value of close to 6 per cent on the private assets for the fourth quarter alone. So I'm pleased to tell you that the preliminary return for the heritage fund, an unaudited return, for the one year ended December 31 was 19 per cent for the entire year, again with AIMCo outperforming substantially with a return of 8 per cent over the benchmark.

The active decisions that AIMCo took in managing the heritage fund portfolio added an additional 8 per cent, which represents about a billion four in additional value for the heritage fund on those active decisions. The additional value that AIMCo produced for the heritage fund completely off-sets the underperformance that we saw in 2020. I expect that we could be even a little higher once we get the final numbers in, the real estate benchmark, that when we look at 2020 and 2021 together, we'll outperform over both periods. AIMCo's pension clients also benefited from strong performance, with average total returns in the double-digit range, roughly 16 per cent, with AIMCo outperforming by 7 per cent and adding $7 billion of value across the asset platform.

1:50

This represents quite a remarkable year, the highest in AIMCo's history both in terms of total return and relative return and, in my estimation, the highest return for the heritage fund as well on a calendar-year basis, with that 19 per cent return. We'd have to go back to the early '90s to see similar returns.

In terms of the outlook I would say that there are some clouds on the horizon. Late in the year we did see the Federal Reserve signal the process of removing all that fiscal and monetary stimulus. The Fed is now, one, expected to increase rates a soon as March. Bank of Canada will also be raising rates, too, as will the Bank of England. So with interest rates on the rise, valuations and equity markets stretched, we would expect a more volatile environment, and certainly we've seen that in the last couple of weeks.

You know, global growth, we think, should moderate, as inflation will as well, as we run through the course of the year. We should remember as well that we're starting from a very low base in interest rates – right? – exceptionally low. Equities are richly priced. We will see some volatility. But should we get those opportunities, it will allow AIMCo to reset our positions and more favourable pricing. We should get some additional support from equity as well in terms of strong earnings growth. On the illiquid side we continue to see a steady stream of attractive transactions to act on on behalf of the heritage fund despite rich valuations. So some clouds on the horizon, but we have to think long term.

Thanks very much. That concludes my comments.

The Chair: Okay. Thank you.

That's it for the total presentation, then? Yeah. Okay. Thank you for your presentations.

I'll now open it up for questions. We'll go back and forth as we go. If the people online could make the clerk aware of the desire to ask a question. We'll start with MLA Jones.

Mr. Jones: Thank you for your presentation and for your work. If you could be so kind as to explain how the inflation protection amounts are calculated, how frequently, and what measure of inflation we're using. Do you make adjustments after a period of years or just after the previous year?

Thank you.

Mr. Thompson: Ms Jones, did you want to answer that one?

Ms Jones: Sorry about that. Slight delay there. The inflation-proofing calculations are done on an annual basis. This is something that is done within our accounting group, and the numbers are generated internally by our economics team. You can actually find detailed information about this within the financial statements as well.

It's basically an annual calculation. We take the ending value last year, apply this year's, like, CPI to it. You will notice that it's calculated based on two different CPI factors. The benchmark is the Canadian CPI plus 450, but then when we're talking about the inflation holdback itself, we're actually talking about Alberta CPI. We don't know exactly what that's going to come out with yet. But as these do increase, it changes the benchmark and it also changes how much we retain within the fund.

Did that answer your question?

Mr. Jones: Yes, it does. If inflation is negative, there is no – it's treated as zero. Is that correct?

Mr. Thompson: That's correct.

Mr. Jones: Thank you.

The Chair: Thank you.

MLA Eggen.

Mr. Eggen: Actually, I'm deferring to MLA Bilous.

The Chair: Okay. Fair enough.

MLA Bilous, go ahead.

Mr. Bilous: Great. Thanks. Mr. Chair, if you'll indulge, I have a question and a supplemental.

The Chair: Yeah.

Mr. Bilous: We've heard repeatedly from both TBF and AIMCo that we should focus on long-term results and long-term returns. On page 2 of the report it shows AIMCo's performance over the past five years and the past 10 years. Over that period of time AIMCo has failed to reach its goal, which is a value-add over the benchmark of 1 per cent. Now, I appreciate the fact that we have a newer CEO who's come and had some time to assess the organization, so I'd like to hear from Mr. Siddall if possible. In your view, what's prevented AIMCo from reaching its objective, and what are your plans to address that?

Mr. Siddall: Well, you know, that's a question for Mr. MacMaster, I think. He can talk about the past. We have the vision for the future. We've issued a new strategy, which is a client-focused strategy. Those clients include, of course, the Alberta heritage savings trust fund. Our objective is to help our clients, including the Alberta heritage savings trust fund, to secure a better financial future for the Albertans that they serve. We're going to do that in three ways. We will deliver consistent, reliable service for our clients. We are going to adjust our investment platform with data analytics; continue to make progress on risk management, where we've made substantial progress over the past year, hitting 31 of our required board-set targets in risk management; change decision-making; use ESG filters as risk filters because they affect valuation; and then offer our clients a customized platform and then, finally, a high-performing organization, one where people are motivated by purpose to serve Albertans and therefore deliver the goods. And we're recruiting some new folks to supplement that team.

As for the past I'll have Mr. MacMaster offer his commentary.

Mr. MacMaster: Sure. Maybe I can provide a little context. While 100 basis points net of cost may be the expectation, it's a fairly lofty one. In fact, AIMCo's four-year target is 85 basis points net of cost, from which a risk budget, an active risk budget, is created to allow us to attempt to reach that target, at which point staff would be incented. We would expect to achieve that probably 30 or 40 per cent of the time. It's considered a stretch target. If we were hitting it every year, it wouldn't be a stretch target. To provide some context around that, the top quartile break net of cost is about 70 basis points. So if we look at all global managers like AIMCo, the top quartile break would be 70 basis points. Our target on a four-year basis is 85, again, net of cost. That's well above the top quartile. One hundred basis points net of cost would be in probably the top 5 per cent of funds, just to provide some context for you to understand that this would be a very lofty target.

That all said – that all said – I'm not trying to shirk our responsibilities in any way, shape, or form. We have achieved that before for several years prior to 2020, when obviously, with the pandemic, there were difficulties. That's my comment.

The Chair: A follow-up.

Mr. Bilous: Okay. Thank you, Mr. Chair, and thank you, folks, for answering that. My supplementary – sorry; I was just hearing an echo coming through. I have a supplementary, and then I would love to – and I appreciate, Mr. MacMaster, that it is a stretch goal. That does help clarify. Mr. Siddall, one part of my supplemental, which I won't have time to ask – but at some point I would love to get a little more on the specifics using the ESG filter. I'd imagine AIMCo already does that, but if that's something that's going to be prioritized or how the entity is going to apply investment decisions through an ESG lens, I would love details.

But this supplemental for the moment is that we know that there have been significant staffing changes at AIMCo early on, actually, in our tenure as government. I know, Mr. Siddall, that there was a shakeup at CMHC when you first arrived there as CEO, so I'm curious to know: one, what human resource changes are you planning to make at the high level? I'm not asking for who's planning to fill which role. You did mention that you've flattened the organization somewhat, and obviously there were some challenges when you took the reins as CEO, so I'm curious to know what those were. You know, was it a lack of sufficient talent? Was it corporate culture? If you can just expand on the situation of AIMCo when you arrived.

2:00

Mr. Siddall: Yeah. It's not a monolithic answer. Amit Prakash, our chief fiduciary management officer, joined us within a year – I think within a year – of my joining. The new chief financial officer also joined. Dale has made the decision to retire, as did our head of real estate, so they both need to be replaced. In addition, we're looking for a new chief risk officer – the gentleman who was in the role was there for a temporary period of time – and we're adding a chief human resources officer and a chief technology officer so that we can improve our IT capabilities and our people management and leadership capabilities.

I wouldn't characterize these as problems; I'd characterize them as opportunities to improve the organization, you know, and modernize it. We're doing some other things, too. In answer to your question, I think that those are the descriptors.

I would also just say that the 10-year return of the heritage fund compares favourably relative to some of the other people we compare ourselves to. While they'll talk about the 1 percentage point target being high, you know, 10.1 per cent compares favourably to 9 per cent over that period for B.C. Investment Management Corporation, 8.6 per cent for the Caisse de dépôt et placement du Québec, so it's nothing to sniff at.

The Chair: I can come back to you later, MLA Bilous.

Mr. Bilous: Yeah. Thank you.

The Chair: Next on the list is MLA Singh.

Mr. Singh: Thank you, Mr. Chair, and thank you to the representatives of Treasury Board and Finance and the officers of AIMCo for presenting before the committee today about the second-quarter report of the Alberta heritage savings trust fund, on which we see very positive returns. My question is to explore such a positive year for the fund a little bit further. Could you provide the committee with a bit more detail on which parts of the fund provided significant return, and moving forward, do you expect these parts of the fund to maintain their high performance, or are you anticipating some variations?

Thank you.

Mr. MacMaster: Okay. A good question, a tough question. Let's start with: what added value? You know, I'm going to make my comments based on the calendar year. The same effects apply to both the quarter, really, and the fiscal year for the heritage fund. I would say, first off, that private equity was quite amazing. As I said, a 67 per cent return is beyond – beyond beyond. So that was one area. Public equity is another.

In private equity we've done a number of things over the years. When we go to the strategy back in 2016 to focus on what we call middle market funds and target business and consumer services, technology, and software, as you all know, those are sectors that did tremendously well over the last few years. We grew the fund, you know, quite a bit, and we realized on a couple of investments. One investment that did particularly well for us was a company called Hayward Industries, which is involved in something fairly boring and benign, which is pool product services, and we earned four times our multiple on invested capital. It was just a huge return for us. That gives you an example of the kind of things we're seeing there.

But 2021 was great for all our fund investments: our GP investments as well as our co-investments. It was a great year. There is a lot of enthusiasm in the market today around private equity for very good reason. Do I expect those returns? No. That's exceptional. However, I would say that for private equity, you know, we're in a steady-state mode, where we should see decent returns for the future.

Public equities had a strong rebound from 2020. All aspects of the portfolio did well: our external manager program; what we call our quantitative products, which use algorithms to select stocks. Our internal fundamental team added value; our hedge funds added value. It was right across the piece.

Now, the beta returns were fabulous. We don't control them. As I said, there were high double-digit returns across equity except for emerging markets. We shouldn't forget either that, you know, the S&P 500 was up about 26, 27 per cent in 2020. It was up 20 per cent in 2019. It was up 29 per cent in 2018. So we had three exceptional years in public equities. In fact, we've been on a 10- or 11-year bull market in equities generally, and that's been driven by increasing lower rates. That will not continue. At some point we're going to have to see a reversion to the mean.

The price-earnings ratio is a good tool for us to evaluate whether things are expensive or not. Just to give you some context, the S&P 500 price-earnings ratio is about 27 today versus a long-term average of 15 or 16. You can see it's extended. What we know about markets is that they like to revert to the mean, so one way or another I think we're going to get there. You know, as you see the market volatility that we're experiencing today and the Fed removing stimulus, we could be on the cusp of something there. So expect low mid-single-digit returns, perhaps, in equities.

We added value in the fixed income area. The absolute return was negative in core fixed income, but private debt and loans are, like, 8, 8 and a half per cent. Mortgages did okay, adding value and earning positive returns. We think the future is in private debt as opposed to, let's say, government debt or public debt. We think we'll continue to see decent returns there. But, overall, we have to adjust our expectations: as I said, low single-digit returns in equities, fixed income probably flat to slightly positive, perhaps, if you add in the private debt and loans and mortgages, but core bonds probably won't do well as rates rise.

Turning to the other asset classes, you know, in 2020 real estate was down 13 per cent in our book. It's up 14 and a half per cent in 2021, so a nice return to very positive, strong returns. In real estate it really comes down to the sectors you're exposed to. What worked really well for us in 2021 was our exposure to industrial real estate, primarily logistics. As you know, with everyone at home, shopping, the demand for online goods requires infrastructure, warehouses, close proximity to the buyers. Logistic warehouses, sophisticated warehouses to manage these deliveries, are in big demand. We are fairly significantly over weight in that sector, and that's done really well for us. Office: not so well. Retail: coming back but still not back to where it was. Despite that, we have really strong returns, and this is why I think there could be a second wave for us in real estate as retail and office do come back with the economy's recovery. We should see some additional performance there into the next couple of years.

Infrastructure did tremendously well in 2021. We hit a grand slam there as well with our Spanish renewables platform company based in Spain. We bought that a couple of years ago, and there's been so much enthusiasm around investing in renewables, for obvious reasons, the growth of ESG and the concerns around climate, such that the valuations on these assets are over the top, beyond where we can hold them, because at the current prices – you know, we were being shown to sell the asset, that if we held it at that price, it would have a negative forward return. We really had no choice – and this is our discipline – but to sell that asset, and we sold it at something like 35 per cent higher in a portfolio that's supposed to be generating, say, 8, 9, 10 per cent, again a massive return thanks to that infrastructure team being astute enough to pick up this asset several years ago at a bargain price.

I think we may need to temper our expectations somewhat in infrastructure going forward as well, but just like real estate, we do have some legacy assets such as our airport, that I've spoken about here before, London City Airport, and our midstream company, Howard midstream, which have not recovered yet. Again, as the economy emerges from the COVID situation, the valuations of those should go up as well.

All that is to say that I think we need to temper our total returns. As I said, 19 per cent is the highest that I've ever seen in the heritage fund that I could trace. The 16 per cent truly is the highest in AIMCo's history. We need to temper those. We're not going to see that in 2022. The relative return, the value-add that AIMCo adds, I think we can get quite well based on the assets we have and the pipeline of potential assets I see coming through the door.

The Chair: Thank you.

2:10

Mr. Prakash: Mr. Chair, if I may just add to Mr. MacMaster's comments. Mr. MacMaster is absolutely correct to say that we temper our expectations as we look forward, but one aspect of the heritage fund that inherently makes it resilient are many of the things he referred to: the fact that it's well diversified, the fact of exposures such as private debt, which are more immune from rising rates of private equity and infrastructure, which are doing very well in the current environment. So while it's hard to say over the next three months or six months which of these areas will perform in a particular way, the fact that, from a design perspective, the portfolio is constructed in a resilient manner that continues to be reviewed by the team I think sets it up in a favourable manner as we look forward.

Thank you.

Mr. Singh: Thank you for answering my questions. We expect further maintenance of the positive and high performance of the fund.

Thank you, Mr. Chair.

The Chair: Okay. Thank you, MLA Singh.

Our next series of questioners will be MLA Eggen and then MLA Hunter and then MLA Phillips and then MLA Allard. We'll go with that process.

MLA Eggen, go ahead.

Mr. Eggen: Thank you, Chair. In our previous question from the Member for Edmonton-Beverly-Clareview we asked CEO Siddall about the work he was undertaking to turn things around at AIMCo. I would just like to thank him for those efforts thus far. I can see some promising changes. But we've also heard repeatedly, at least when it comes to reinvestment returns, that we have to look at the long term, like five or 10 years, to really start to assess the results. Also, I would be just curious to know: what other indicators will you, Mr. Siddall, be looking for to assess the effectiveness of this new direction? You know, in other words, how do you know if and when your plan is working, with indicators besides just investment returns, which, of course, are foundational?

Mr. Siddall: Thank you for the question. I would say, of course, that investment returns are foundational and a core promise. Beyond that, however, we are going to measure something called Net Promoter Score – we already measure it among our employees – which is the propensity of, in this case, our clients to recommend us to others. We benchmarked that number; it is not good. It's a negative score. The way that NPS works is that promoters who rate you 9 or 10 get you a positive one, anybody 6 or less gets you a negative one, and 7s and 8s don't count. So it's a very rigorous and, frankly, brutal score but one that's quite highly leveraged to the impact it will have on our client relationships and something we really want to make progress on. That, for example, is another measure that we will be measuring and, frankly, compensating our people on.

Mr. Eggen: Well, thank you. That's fascinating. I am curious to know: besides some of the personnel changeover that you're making, what other focus would you have to build up that reputational score here over the next few months, and how can we kind of have that reported back to us?

Mr. Siddall: Well, that's Mr. Prakash's job. I will allow him to take some of the thunder away from me and reveal to you some of his plans.

Mr. Prakash: Thank you for the question, and thank you, Evan. We have a variety of plans under way to further improve our engagement with clients. One of the structural changes that we did late last year was to combine our client-facing team with the investment strategy team to help interface with our clients in a more robust manner on investment topics and to be able to help guide discussions in a manner that is more helpful, more impactful as they are debating and discussing investment-related topics.

In addition to that, we're also building capabilities to offer our clients investment advice as appropriate, which will help both with the investment discussions on the client side but as well inform and improve our investment platform as we look forward.

Lastly, there is a huge focus across the organization in terms of client service, so we will be introducing a program to put each and every individual at AIMCo through a client service training program, which ultimately will allow us to deal and interact with our clients in a more impactful and helpful manner.

Thank you.

Mr. Eggen: Thanks for that, and I appreciate your brevity in answering that question.

That's it. That was my supplemental.

The Chair: Okay. Fair enough. Good.

Okay. MLA Hunter.

Mr. Hunter: Thank you, Mr. Chair. First of all, I want to wish Dale all the best in his retirement. Thank you for your service and for the work that you've done over the many years that you've been with us.

I wanted to just ask: what does $30 billion of new clients do for your ability to perform? From what I understand, you're at $166 billion in terms of your full fund. Are there economies of scale? Are you able to have different investment tools now opened up to you? Is there another benchmark? Is it with $200 billion you can start investing even more? That's my question.

Mr. Siddall: I'll let Dale answer, but I'll tell you a little anecdote. When you're sitting on top of a large pile of money, you get a lot of attention, and we actually are significant now. In addition to the economies of scale – and I'm sure Dale will talk about it – the investment opportunities come to us as a result of having people's attention. I have a number of very close friends whom I had lost touch with for 20 years that amazingly want to talk to me now that I have this job, and I tell you that story because it is an indicator of the attention we get from global firms because of the opportunities that we can provide to them. But Dale can give you more specific, real examples, I'm sure. Obviously, our costs are spread across a larger base. That's an economy of scale, right?

Mr. MacMaster: Yeah. Good point.

Thanks for the kind wishes. I mean, one of the best benefits is indeed the economies of scale. If we're at 50 basis points of costs – I don't have the number in front of me – you know, an extra $30 billion could take our costs down, you know, five to nine basis points, so that's significant over the long run. I know it doesn't seem like much, but it's millions and millions of dollars, and that's great for all of our clients. That's one.

There is a sweet spot in institutional investing, I think, which is always changing, but we're still well within that. You know, $200 billion, $300 billion gets you economies of scale but doesn't make you so big that you can't take advantage of new strategies, and I think that's what you were getting at. AIMCo has many more, I think, opportunities than, let's say, CPP. Not to disparage them in any way, but they are so big – they are so massive; they have to cut such a large cheque for every deal and every fund that they approach – that they become the market, right? We can cut much smaller cheques because of our size, get the benefit of economies of scale, and still take advantage of nimble, niche strategies. So I think it's a wonderful sweet spot to be in.

Mr. Hunter: Great. Thanks for the answer.

The Chair: Do you have a supplemental, or are you okay?

Mr. Hunter: That's good.

The Chair: Okay. Thank you very much, MLA Hunter.
We go to MLA Phillips now.

Ms Phillips: Good afternoon. Thank you to everyone for joining us. I have a couple of questions about the new ESG guidance that was published by the Canadian securities regulators last week on January 19, and that's new guidance based on existing regulatory requirements. The securities regulators also consulted with a three-month comment period, that closed last week as well, on new requirements for disclosure of climate-related risk. That comment period closed, I believe, last week, and the regulators were asking for comment on requirements that largely track the task force on climate disclosure. There are kind of two choices. One is the effect of scopes 1, 2, and 3 disclosure of risk, and the other is simply limiting the mandatory disclosure to scope 1. Does AIMCo have a position on this question? Did you make a submission, and if so, can we see it?

2:20

Mr. Siddall: Amit? You might unmute; it'll be a little easier to hear you.

Mr. Prakash: Okay. Take two. Sorry about that. Thank you for the question. In terms of scope 1, scope 2, scope 3 we are focused primarily on scopes 1 and 2. We do find at the moment that scope 3, both the ability to measure as well as utilize it in a meaningful manner, is still in early days, so our focus largely is on scope 1 and scope 2.
In terms of the CSA submissions, the submission date did get extended to mid-February. That is something that we're looking at but haven't submitted just yet.
Thank you.

The Chair: A supplemental question, MLA Phillips?

Ms Phillips: Yeah. I just wonder if you could provide some comment on any possible operational or other changes that you would have to make in order to either meet the new guidance based on existing requirements that were published last week or to meet any new requirements that may be coming out of this latest consultation.

Mr. Prakash: Yeah. We are still reviewing the implications for that. One of the things that we've been quite focused on in the ESG space more broadly is the need for us to continue to grow and develop our measurement and reporting of the exposures across our portfolio. In that dimension we've continued to add tools and frameworks that allow us to do that more effectively. Some of the tools we use at the moment include the MSCI climate value at risk, MSCI CVAR. We use real estate CVAR and are also looking to onboard the FTSE green revenue tool. All of that is to say that this is a growing area. We continue to sort of evolve our capabilities. Lastly, the team also does a really good job in terms of sitting on and participating in different forums, whether it's on the accounting front, whether it's on the taxonomy front, to ensure that our voices are heard and get amplified with like-minded investors.

Mr. Siddall: May I just add that in addition to the advocacy and reporting that Amit has referred to, when we're looking at investment, how we look at this through an investment lens – Dale mentioned a significant return as a result of the sale of renewables because that's a sector that's very much overbid right now, and we thought it was an opportunity to make money for our clients. We think, as we look at decarbonization opportunities in the economy, that companies may be undervaluing their heavy carbon and overvaluing their light carbon, and that may provide opportunities for us to invest in situations that are on a decarbonization path and with capital to facilitate that and make money for our clients.

The Chair: Okay. Thank you very much, MLA Phillips.
We'll go to MLA Allard now.

Mrs. Allard: Thank you, Chair. I'm just confirming you can hear me.

The Chair: Yes, we can.

Mrs. Allard: Excellent. My connectivity has been a little bit interesting today, so welcome to Internet in Alberta. I just wanted to start by echoing the comments of several colleagues and thanking all of you for your hard work. It's a good year to celebrate some good news for Alberta. I think we are happy to see some positive results and some exceptional results this year, so thank you for that. And a special thank you to Dale for your years of tenure. I wish you well in your retirement. I'm sure you'll be very missed.
I have a couple of questions, Mr. Chair, if that's okay. My first question. I was looking at page 2 of the quarterly report and looking at the makeup of the equities. About 50, 51 per cent of the fund's portfolio is in equity, and the division is 8 and a half or so in Canadian public equity, just over 32 per cent in foreign equity, and 10.3 in private equity. I just wanted to know if you can outline for the committee what the breakdown between U.S., European, and Asian stocks is. If you have that information available, that would be of interest to me.
I guess, more specifically, I'm wondering, with the current tensions between the Ukraine and Russia, if you have any concerns with your weighting in foreign stocks at this time.
Then I do have a follow-up afterwards, Mr. Chair.

The Chair: Okay.

Mr. MacMaster: To answer your first question, I don't have the exact breakdown for you, unfortunately. You know, Canadian equity you see there. The breakdown in the foreign equity I couldn't tell you off the top of my head, but I'm going to guess it's probably 15 per cent. We can get back to you with an exact number. We can follow up with that.
I think the second part of your question was around the geopolitical risk around Ukraine. Yeah, an interesting situation. I would say that in my investing career there is always a percolating background of geopolitical risk. There's always a geopolitical risk overlay, and sometimes, you know, it gets on the boil, and sometimes it just simmers. The situation in Ukraine: I wouldn't say that it's boiling, but it's heating up, right?

You know, I think that when you look at the volatility over the last couple of weeks, there are a number of factors involved. There are the valuations, there's the reduction of stimulus, there's overly bullish sentiment, in particular from retail investors – when you have market corrections, it's never one thing; it's always a multiple of things – and then you have the Ukraine stepping in, the whole geopolitical situation. Now, it seemed to be the tipping point over the weekend when diplomats were being withdrawn from Ukraine, and now the market just said "uncle," right?

So it's always a number of factors. This is the latest one. We don't know what's going to happen there. We hope diplomacy prevails. Probably, you know, if we get an escalation, if we get an invasion, there's going to be some kind of a market correction. I think it will be muted. We'll probably see more pronounced impacts in commodities, especially in oil and gas. Like, Russia provides a lot of gas and oil to Europe – 50 per cent of oil production from Russia goes to Europe; 72 per cent of their gas production goes to Europe – and there have been difficulties in getting hydrocarbons into Europe over the past several months. So I think that's where we might see the most acute repricing. Oil is already elevated, and it seems like OPEC is willing to live with $80 oil or more. Depending on how it goes, we could see more volatility in equities, but hopefully, fingers crossed, diplomacy will prevail.

The Chair: A supplemental?

Mrs. Allard: Yes. Thank you for that answer. Thank you, Mr. Chair. This is probably a little bit unfair because it's a pretty loaded question. I'm wondering about the weighting of assets in the fund. You know, given what you've just discussed around geopolitical risks that ebb and flow, what is your approach to rebalancing assets accordingly to ensure maximized return for the fund? I know it's a long-term view, but I'm just curious. I think Albertans often ask that question. I think there are still Albertans out there that think the heritage savings trust fund has been bankrupted, so we're doing our best to tell them that that is not, in fact, the case. I'd be curious to hear your answer. Thank you again.

Thank you, Mr. Chair.

The Chair: Thank you.

Mr. MacMaster: Brittany, do you want to speak to the asset mix, and I could talk about tactical?

Ms Jones: Yeah. Sure. Let's do this together. That's what I was thinking. Okay. That's a great question, and thank you, Tracy. There's a lot that goes into the asset mix of the heritage fund. We monitor this in TBF all the time. This is something that we're always questioning, that we're always talking about with the financial professionals that we work with. Right now, currently, we're doing a study, and AIMCo is assisting us with doing this. There's a lot of math that goes into this. We look at various scenarios. We do situation analysis, testing, lots of different things, and we also talk a lot about what the objectives for this fund are and how we can basically potentially maximize what we need to do.

I do want to make one caveat as well that we're not shooting for the moon all the time with returns when we're designing these asset mixes. We're designing these asset mixes with an actual target in mind, so that's where some of these things come from when we put those in the statement of policies and goals. Historically the asset mix for the heritage fund has worked very well in order to achieve our long-term targets. Again, we're looking at long-term targets because we see ebbs and flows in the markets all the time, and if we were to look at things too early on and just maybe for one or two years, we're not necessarily getting the full picture, and we've seen that through the pandemic. So it's our role in TBF to ensure that the asset mix that we give AIMCo is appropriate for them to work with to achieve our goals, and then we give them ranges that they work towards, kind of filling in those ranges.

I think this is a good time to hand it over to Dale, and he will let you know how we work within that investment policy.

2:30

Mr. MacMaster: Yeah. Thank you. Just to reiterate, the biggest, the most important decision is your asset mix. It's going to be the single biggest driver of your return and the risks you're taking. Those decisions are typically made by our clients, in this case Treasury Board and Finance, with help, advice from AIMCo. We invest to that asset mix, and where AIMCo is making decisions around that is tactically. You know, one of the things we always reiterate to our clients is: set your asset mix, have the faith it will achieve your objectives over the long run, and don't worry about the noise, right? There are always going to be corrections. There's always going to be geopolitical risk. Have the faith that ultimately equities go up over the long run and that you'll achieve your objectives. Nobody can time the market. Nobody has a crystal ball.

All that said, we do make small tactical bets in the portfolio so as not to overwhelm the overall return of the asset mix. We wouldn't want to be doing that, but we do tilt back and forth equities, bonds, stocks. We put tail-risk protection on from time to time when we think certain asset classes are over valued, and that's exactly what we've done here. So today we are under weight in equities; we are over weight in cash and under weight in bonds. Bonds don't look good for us, with rates going up and rates being so low. Equities don't look great to us either, with valuations stretched and the Fed about to embark on an interest rates program, but we do that in the context of the risk budget that's assigned to us. They typically are smaller bets.

The Chair: Okay. Thank you, MLA Allard.

We will now move on to MLA Phillips and maybe one more question after that, but we'll have maybe the last question. MLA Phillips.

Ms Phillips: Thanks. Just wondering if the folks over at AIMCo could provide perhaps some follow-up in writing. I'm looking for the annual investment performance bonus figures for the previous CEO. I'm looking for the long-term investment performance figures for the previous CEO, the total of that, and confirmation that levelling up – for example, missing the net performance by 16 points and levelling that up to two points negative – is, in fact, industry standard.

Mr. Siddall: We're happy to respond to that in writing.

The Chair: Did you hear the question?

Mr. Siddall: Sorry. Perhaps you didn't hear my response. I said that we'd be pleased to respond in writing . . .

The Chair: Oh, okay. Fair enough. Thank you.

Mr. Siddall: . . . as the member asked us to.

The Chair: All right.

Okay. MLA Hunter, this is the last question, then.

Mr. Hunter: Sure. I just wanted to maybe ask a bit more about some of the comments you made about the ESG strategy. It sounds to me like it's still an area where you're trying to understand what is being asked and how to make sure that you comply. My question, though, is: when determining – I think Evan said this at the beginning with one of the questions by MLA Eggen, that the base is to make sure that you have a good return for your clients. Now, what happens when ESG requirements affect the bottom line, your ability to perform for your clients? I guess the question is asked: is everybody playing by the same rules in the world? Is China? Is India? Is Brazil? The other BRIC countries, Russia, Iran, all those countries: are they also following those same ESG standards in order to be able to provide their clients with those kinds of returns on investment?

Mr. Siddall: The answer to that question, your last question, is no. There are different sets of rules, and in fact the rules are changing, and they vary based on different commentators. That provides, though, opportunities for us. You know, we're a global investor. We look around the world at opportunities. We made a significant return, half a billion euros, for our clients with respect to one particular investment that Dale referenced earlier. So there are opportunities to invest and to buy in some markets and sell in others. ESG, for us, is a risk-based measure. We are in the business of generating returns for our clients. We look at environmental factors as risks to our investment thesis in particular situations. We look at social factors and governance factors. That's the right application of ESG, we think.

Excuse me. I've got something in my throat, which will cause me to shut up and hand this off to Dale and see if he wants to add anything more.

Mr. MacMaster: All I would add is that it does not restrict us today, and I can only see it restricting us if restrictions were imposed on us that forbade us from investing in certain sectors. Where we have seen some of this is typically in the traditional energy hydrocarbon business. We don't believe restricting capital to enable transition for those companies is going to help the world at all, so we are voice over exit. We would rather work with those companies to accelerate, you know, their environmental credibility and work with them that way. That is a mutual benefit for clients on multiple fronts.

Mr. Hunter: As a follow-up, Mr. Chair, I guess the concern I have is: is there talk of some ESG group actually dictating to you guys what you can invest in? I mean, I haven't heard of anything.

Mr. Siddall: No.

Mr. Hunter: But there's no shaming of the industry, is there – you know, "You're not allowed to do this; you're not allowed to do that" – by the ESG groups?

Mr. Siddall: There's a strong movement on the part of some folks to promote divestment, or the exit, from hydrocarbons of some large investors, but as Dale said, we think that starves the companies that may most need capital of that capital and makes it more expensive, and that could be an investment opportunity for us. So we'll look at those case by case.

Mr. Hunter: All right. Thank you.

The Chair: Thank you, everyone. This concludes our discussion of the report.

I'd like to thank our guests from Treasury Board and Finance, AIMCo, and the office of the Auditor General for being here today. You're welcome to stay on the meeting if you'd like, or if you want, you could leave the meeting now. I appreciate you for all your information and answering the questions fully. Thank you.

Mr. Prakash: Thank you.

Ms Jones: Thank you, everyone.

The Chair: I look now for a member to move a motion to receive the fund's 2021-2022 second-quarter report. MLA Eggen. MLA Eggen has moved that

> the Standing Committee on the Alberta Heritage Savings Trust Fund receive the 2021-2022 second-quarter report on the Alberta heritage savings trust fund.

Any discussion on this?

Okay. All in favour in the room, say aye. Any opposed? All in favour online, say aye. Any opposed?

That carries.

I'll move on to the next part of our agenda. The next item is a review of the committee's 2021 annual public meeting. The Alberta heritage savings trust fund requires that the committee hold an annual meeting with the public to inform Albertans about the status of the fund and respond to questions. This meeting was held at the Edmonton Federal Building on November 25, 2021. Because the committee room galleries are closed due to the COVID-19 pandemic, the 2021 public meeting was conducted using a remote format. The meeting was broadcast on Alberta Assembly TV and live streamed on Twitter, Facebook, YouTube, and Assembly Online. The public had an opportunity to interact with the committee via phone, messages to social media, and e-mail. A document from the LAO communications services outlining how members of the public interacted with the committee was posted on the internal website.

At this time I'd like to call on Janet Laurie to provide some additional information regarding the broadcast and public response to the meeting. You can go ahead now.

2:40

Ms Laurie: Thank you very much, Mr. Chair, for that overview of the 2021 annual meeting. I would just add a few comments more specific to the communications. The committee members will note, from the summary document that was distributed, that we were well under budget this year largely due to adjustments made to the advertising plan that took into account the fact that there were no in-person attendees for the meeting, so we were just able to adjust our costs accordingly based on that.

Members will also note that there were slightly fewer viewers and slightly lower participation than we have seen in recent years. We can only provide our best guesses in terms of what factors might have impacted that. Certainly, the meeting was held a month later than we typically hold the meeting, and that may have impacted our viewers on our participation. As well, the fact that there were no in-person attendees at this year's meeting, which we've also already flagged in this call, and just that, you know, ongoing pandemic fatigue. And as you lead up closer to Christmas, again, the timing is something that makes it more complicated for people to participate and engage with the meeting.

I would just draw your attention to one other sort of element that in our analysis we've taken away as a key message, that social media continues to lead as the primary means for reaching, educating, engaging, and, in fact, viewing. We're seeing now that more people are viewing the meeting as we've made it available for the past three years on our Twitter, Facebook, and YouTube live feeds. That's an interesting element, that more people are engaging with the meeting in that way.

Beyond that, I'm happy to take any more specific questions from committee members if I can address any issues. Thank you.

The Chair: Okay. Thank you, Ms Laurie.

Go ahead. If there are any questions, just let the chair know or through the chat, and we can have those questions answered. Nobody?

Mr. Singh: Thank you, Mr. Chair.

The Chair: Oh, okay. All right. Go ahead, MLA Singh.

Mr. Singh: Thank you as well, the LAO communication team, for the 2021 public meeting communications summary. Based on the comparison-of-audience table I noticed that there were no telephone participants at last year's meeting. If I'm right, I'm just wondering why we did not have any telephone participants last year, and like you mentioned, I suppose the trend now is online participation. That's what's happening.

Thank you.

Ms Laurie: Sure. Thank you very much for the question, Member Singh. We actually just introduced the telephone option as a means for people to ask questions during a live meeting at the 2020 annual public meeting, so a year ago this past fall. During that meeting we had a total of seven callers who chose that as a means to call in and ask their questions live to either the committee's guests or committee members as a whole. We thought that it was a really important option to include for Albertans because not everybody is going to want to engage via social media or even via e-mail. We just thought that it was appealing to a different demographic and making it as easy as possible for Albertans to engage with the annual public meeting.

That feature was available, and as you noted from that viewing participation table, we didn't receive any telephone callers. You know, I think it's still probably an important piece, but we just needed to accurately reflect the meeting, and we didn't receive any telephone callers for the 2021 annual public meeting.

Mr. Singh: Thank you for answering, and thank you, Mr. Chair.

The Chair: Okay. Thank you.

Any other questions? No? Okay. Thank you very much.

A document outlining the costs associated with a public meeting was also posted on the internal site, and I would like to call on the committee clerk to provide a brief overview of these costs.

Mr. Huffman: Thank you, Mr. Chair. The document you referred to on the internal site: that just showed an overview of the past four years of the cost of the annual meeting. It's continued the downward trend of those meetings over that time. I think it's fairly straightforward, but if members have any questions, I'd be happy to try and elaborate.

Thank you.

The Chair: Okay. Any questions from anyone? Online? Okay. Thank you very much.

Next the committee's annual report to the Legislative Assembly. Members, section 6(4)(c) of the Alberta Heritage Savings Trust Fund Act requires the committee to report to the Legislative Assembly on whether the mission of the heritage fund is being fulfilled. The last report to the Assembly was made on June 1, 2021, which covered the activities of the committee in 2020. The past practice has been for the committee clerk to prepare a draft report and then distribute it to the committee for consideration. Once approved by the committee, this report will be tabled in the Assembly during the spring sitting. Do members have any questions or comments regarding the committee's report to the Assembly? Online? All right. Once the report is prepared, the committee clerk will provide it to the committee. Okay. Good.

Other business. Are there any other issues for discussion before we wrap up today's meeting? No? I don't see anything.

Okay. The date for the next meeting will be at the call of the chair. I appreciate everyone's input. Good questions again. We'll see you next time.

Thank you very much.

Mr. Huffman: I need a motion to adjourn.

The Chair: Oh. Okay. MLA Jones.

Mr. Jones: Motion to adjourn.

The Chair: All in favour, say aye. Online? Anyone opposed?

Thank you.

[The committee adjourned at 2:47 p.m.]

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