



Legislative Assembly of Alberta

The 28th Legislature
First Session

Standing Committee
on the
Alberta Heritage Savings Trust Fund

Thursday, September 6, 2012
9:31 a.m.

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**Legislative Assembly of Alberta
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First Session**

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

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

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Casey, Ron, Banff-Cochrane (PC)
Dorward, David C., Edmonton-Gold Bar (PC)
Eggen, David, Edmonton-Calder (ND)
Kubinec, Maureen, Barrhead-Morinville-Westlock (PC)
Sandhu, Peter, Edmonton-Manning (PC)
Sherman, Dr. Raj, Edmonton-Meadowlark (AL)

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Betty LaFave	Principal

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Liz Sim	Managing Editor of <i>Alberta Hansard</i>

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

Participants

Ministry of Treasury Board and Finance

Aaron Brown, Director, Portfolio Management, Capital Markets

Lowell Epp, Executive Director, Capital Markets

Darcy Scott, Public Affairs Officer

Alberta Investment Management Corporation

Leo de Bever, Chief Executive Officer and Chief Investment Officer

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

9:31 a.m.

Thursday, September 6, 2012

[Mr. Quest in the chair]

The Chair: All right. Good morning, everybody.

I'd like to call the meeting to order and get our committee members, the support staff, and representatives from the Department of Treasury Board and Finance and from the office of the Auditor General and AIMCo to introduce themselves for the record. I'll start with myself, and we'll go around this way. My name is Dave Quest, MLA, Strathcona-Sherwood Park, and I chair this committee.

Mr. Anderson: Rob Anderson, MLA for Airdrie.**Mr. Eggen:** Dave Eggen, MLA for Edmonton-Calder.**Mr. Dorward:** David Dorward, MLA, Edmonton-Gold Bar.**Mr. Casey:** Ron Casey, MLA, Banff-Cochrane.**Mr. Reynolds:** Rob Reynolds, Law Clerk and director of inter-parliamentary relations.**Mr. Scott:** Darcy Scott, communications branch, Treasury Board and Finance.**Mr. Pienaar:** Pine Pienaar, AIMCo.**Dr. de Bever:** Leo de Bever, AIMCo.**Mr. Epp:** Lowell Epp, Treasury Board and Finance.**Mr. Brown:** Aaron Brown, Treasury Board and Finance.**Mr. Ireland:** Brad Ireland, Auditor General's office.**Ms LaFave:** Betty LaFave, office of the Auditor General.**Mr. Saher:** Merwan Saher, Auditor General.**Ms Sales:** Tracey Sales, communications consultant with the Legislative Assembly Office.**Dr. Massolin:** Good morning. Philip Massolin, manager of research services.**Mr. Sandhu:** Good morning. Peter Sandhu, MLA, Edmonton-Manning.**Ms Kubinec:** Good morning. Maureen Kubinec, MLA, Barrhead-Morinville-Westlock.**Mrs. Dacyshyn:** Corinne Dacyshyn, committee clerk.**The Chair:** All right. Thank you, everybody, for joining us this morning.

Copies of the agenda have been circulated for this September 6 meeting of the Standing Committee on the Alberta Heritage Savings Trust Fund, so if I could get a motion to adopt the agenda if there are no changes. Mr. Casey. All in favour? Thank you. It's approved.

The minutes of the meeting of this committee on June 20 of this year have also been circulated. Are there any errors or omissions? In that case, if I could have a motion to adopt those minutes as circulated.

Ms Kubinec: I will move.**The Chair:** All in favour? Thank you.

All right. Well, the principal reason we're here, of course, is to have a look at the Alberta heritage savings trust fund first-quarter update, which was distributed to all members of the Assembly on August 30. The Alberta Heritage Savings Trust Fund Act indicates that one of the functions of this committee is to review and receive these quarterly reports on the operation and results of the operation of our heritage savings trust fund.

We are pleased to have with us Mr. Lowell Epp, who is the executive director, capital markets, to assist us with our review. Mr. Epp, we'll turn the floor over to you, and you can tell us what's been happening.

Mr. Epp: Thank you, Mr. Chairman. Good morning. It's my pleasure to be here. Minister Horner and Minister Fawcett are unable to attend, and I am pleased to take their places and present the first-quarter results of the heritage fund.

At June 30 the fund's value stood at \$15.9 billion. This is a drop of about \$200 million from \$16.1 billion at the March 31 year-end, representing a .2 per cent loss during the quarter. This small investment loss was due primarily to poor returns in the equity markets. In its equity portion the fund lost 3.2 per cent during the quarter.

Just a few more details. The global equity portfolio fell 3.7 per cent, which is our largest holding, while Canadian equities decreased by 4.3 per cent. Equities make up about 50 per cent of the heritage fund's total investments. The loss in the equity portfolio, luckily or happily, was largely offset by gains in both fixed income and inflation-sensitive assets, which earned 2.4 per cent and 3.1 per cent, respectively.

The story, of course, behind poor equity markets is not new. Uncertainty in the European Union, which continues even now, has dominated the headlines in the first quarter, and we're seeing weak consumer demand starting to hurt manufacturing countries such as China, South Korea, Germany, and Japan. This has certainly spilled over to commodity prices. For instance, the benchmark oil price, WTI, was around \$100 to \$105 per barrel at March 31; it was around \$85 at June 30.

Another factor that improved performance was the active management by AIMCo. Our actual return was .9 per cent higher than what our benchmark policy portfolio return was. So that also reduced the impact of the poor quarter substantially.

Despite the negative return, you will see from the report that the fund produced positive income of \$176 million during the quarter. Of course, you may ask: how can it lose .2 per cent yet still produce income? Well, largely it's due to the way we account for income and gains. The return on the fund is based on a market value, the market value of the assets, whereas income on the fund is based on what is realized. So when the fund receives dividends or interest or sells assets for a gain, that is considered to be income. Any losses in market value that have not been realized are classified as unrealized gains and losses. So while we had income, the amount of accumulated unrealized losses has fallen during the quarter, and that explains how we can have both positive income and a loss during the quarter.

Before I wrap things up, there's one other detail I would like to bring to your attention, and that is that the presentation style of the quarterly update was changed for this quarter. It is now in line with the style of the annual report, which was changed last year. As always, we continue to look to improve the communication that goes with the quarterly and annual reports and would welcome any feedback that you have that can help us.

With that, I would be happy to take your questions. Thank you.

The Chair: Thank you, Mr. Epp.

I'd also like to welcome MLA Mary Anne Jablonski, deputy chair of this committee, and Dr. Raj Sherman, who joined us just a few minutes after your presentation had started.

With that, any questions now for Mr. Epp?

Mr. Dorward: What changes did we make as a result of the first-quarter results?

Mr. Epp: We've made no policy changes.

Mr. Dorward: Were there any significant changes in the portfolio mix? Did we hold a meeting and say, you know, where are we going with that side of things, or are we just kind of in a steady state and holding it out as it has been?

9:40

Dr. de Bever: You can't react to very short-term movements like this, so no. I mean, policy for a fund like this is fairly long term. You only make changes when, with the benefit of new information, you discover something that is untoward. But this is pretty much normal noise, so we haven't made any changes, no.

Mr. Dorward: Do we have a feeling as to the early indications – this is to the end of June, so to the end of September – of how things are flowing along in the next quarter at all?

Dr. de Bever: As I've said a number of times before this committee, we are in a rather shaky environment economically. Unfortunately, predicting in which direction markets evolve in response is difficult. For instance, everybody is concerned about what's going on in Europe. If for some reason the Central Bank gets a better grip on things and that gets reflected in markets, then markets will go one way. If they get more despondent, they'll go the other way.

For me it's pretty hard to predict which way that will go. So the best way to handle that is to stick to your policy, make sure you're defensively positioned no matter what happens. But you can't always do that. The bottom line is that there is so much noise in the system right now; there isn't really any consistent logical reaction you can have in response.

So no. It's steady as she goes. The department has indicated a policy that they want us to execute, and we're continuing to basically stick very close to that policy.

Mr. Dorward: Thank you, Mr. Chair.

The Chair: Thank you, Dr. de Bever.

Dr. Sherman: Two questions. What is your forecast of the economic uncertainty in Europe in the short, medium, and long terms, five to 10 years out? Right now equities are going to go up, and they're going to go down. Extreme volatility. Should we consider a policy change where we invest more in fixed income, a higher proportion in fixed income and a higher proportion in dividend-returning assets moving forward? Should we consider a policy change where we reduce that equity mix from 50 per cent to possibly 40 or 35 per cent, especially in the reinvestment portion?

Dr. de Bever: The reason you don't want to do that is that the only market that is even more tenuous than the stock market is the bond market. I mean, we are at the end of a 20-year process where interest rates have come down from close to 20 per cent to almost nothing. So on a current yield basis fixed income is a very poor investment. On a go-forward basis the odds are that interest rates

will have to go up, which would make a portfolio of bonds to be very poorly positioned; in other words, it would lose value.

Most people don't know how bonds work. The current yield is the coupon that you clip, but if interest rates go up, the value of your existing portfolio goes down. Most people don't realize that if interest rates go up, the discounted value of the bonds you already hold becomes lower. We're basically worried about the fact – all things considered, we'd rather be in stocks than in bonds. That goes against what you're proposing. It's very difficult to make money in the bond market these days.

The Chair: Thank you, Dr. de Bever.

Do you have a supplemental, Dr. Sherman?

Dr. Sherman: I know one thing that makes guaranteed money of 8.9 per cent in Alberta: the electrical grid. Should we possibly be considering investing in Alberta?

Dr. de Bever: We have investments in infrastructure, which are a good hiding place, a substitute for bonds, and that's the way we look at them. That kind of investment has returns between stocks and bonds.

Investing in Alberta versus any jurisdiction: you can argue over that. I'm basically caught between two competing notions. One is that we've got the money, so let's put it in the province to make the province grow. The other one is that I need to diversify the risk that the province itself already has in Alberta, and it would be better to put the assets somewhere else. The conclusion we've come to is that whenever we see a good opportunity in Alberta, we'll invest in Alberta. Otherwise, we will go wherever the best opportunity is.

Dr. Sherman: Thank you.

The Chair: Thank you, Dr. de Bever, Dr. Sherman.

All right. If there are no further questions, then I need a motion that

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

Mr. Jablonski. All in favour? That's approved. Thank you.

As members are aware, this committee must report annually to the Legislature. A draft report was posted on the internal committee website. This report will be tabled by the chair in the Legislature during the next session. Does anyone have any comments? If not, would a member move the adoption of the report? Seeing no questions, I need a motion that

the Standing Committee on the Alberta Heritage Savings Trust Fund approve the draft report of the Standing Committee on the Alberta Heritage Savings Trust Fund covering activities related to the 2011-12 fiscal year as distributed.

Mr. Eggen. All in favour? That's approved. No one opposed.

All right. We'll move on to item 6, then, which is our annual public meeting update. Hopefully, everybody is aware that the committee's 2012 annual public meeting is scheduled to be held in Edmonton on the evening of Wednesday, October 3. I certainly hope every member is available to attend. The location for the meeting is again the Oasis Centre in the west end. It's the same place as last year. In order to expand the reach of the public meeting province-wide and in the interest of keeping all Albertans informed on the fund, the public meeting will again be broadcast live on Shaw TV, with an online chat component, further to the committee's direction. Tracey Sales is going to give us a presentation on that.

I would like to mention the government's upcoming public consultation, which includes a review of the heritage fund. I have received correspondence from the associate minister, which is being handed out, with suggestions on how our committee could be involved by possibly receiving feedback from Albertans on future investments. Of course, I realize this is a government consultation and is separate from our public meeting; however, this is a good opportunity to gain additional information from Albertans. I'd just like to know what the committee thinks about incorporating the following questions into our public meeting process. Those would be: what should be the purpose and objectives of the heritage fund, and how should we save for and build up the heritage fund?

I'm just wondering if anybody has any comments on moving forward with that during our public meeting. Ms Kubinec.

Ms Kubinec: Yes. After our meeting with Associate Minister Fawcett last meeting I would see this as a positive thing to do. It's, to me, a wise use of taxpayers' dollars to ask those questions when we have an audience that would be interested in answering them. I think it's a very good idea.

The Chair: Mr. Eggen.

Mr. Eggen: Yeah. I certainly agree. Perhaps we can discuss how we're going to present these questions and then what form of feedback we want. I think that probably your presentation will help to answer that question, but I think we have to be sensitive about how many people we actually have there and that we're using a television audience and so forth, right? Otherwise, it's a great idea.

The Chair: Okay. Well, as long as the committee is in agreement to incorporate these issues into the public meeting, we'll need a motion to that effect, and then we'll get Tracey to suggest a way that we can incorporate those in the process. I need a motion that the public meeting process include feedback questions asking Albertans what the purpose and objectives of the heritage fund should be and how we should save for and build up the heritage fund.

Ms Kubinec: I will make that motion.

The Chair: All right. All in favour? That's approved and unanimous.

Okay. Tracey, if we can just turn it over to you, we can talk about some ways we could incorporate that into the process and also some of the other items with respect to the meeting.

Ms Sales: Okay. Thank you, Mr. Chair. You all should have received a copy of the action plan for the public meeting. I'm just going to quickly walk you through some of the tasks within the action plan, and I will make reference to this question about the questions to the public.

I think you all received copies of the stat card. We also have some stat cards that we brought to this meeting in case any of you would like more to hand out to the public. The remainder will be brought to the public meeting and handed out there as an information piece. In addition to the stat card, we will ensure that the website postings are up to date with all the information, including, eventually, a media kit. The stat card is already up there as well as the meeting information and links to the location and that sort of thing.

9:50

As well, one of the initiatives requested by the committee was an e-card. At the back of the action plan you will see a draft e-card

sample. Once that's approved, I will make sure that it gets to the chair. It will go out to all Members of the Legislative Assembly.

We also have some social media initiatives that we will be following up on with Twitter and Facebook. As well, we are hoping that the committee members will assist us by tweeting about the meeting.

We also have always had a public questionnaire that we hand out at the end of every public meeting. Now, our greatest audience tends to not be actually live at the public meeting but, instead, online or viewing through their TVs. One of the ideas that we had was to have an online questionnaire this year. I'm thinking that actually might prove to be a really great way to deal with the questions that you're wanting to find answers for from the public. At the public meeting we can in fact make reference to the fact that there is a survey online and direct the public there so that the TV-viewing audience will also go to our website if they would like to have any sort of feedback to those questions.

We also will be producing some promos with Shaw. They are 30-second promotional spots. They are going to run the two weeks leading up to the public meeting, so that's about 530 times that they will advertise the meeting for us. We're also going to of course run advertisements within the daily and weekly papers as well as the online organizations that we had mentioned in the communications plan that was presented in June. We will be preparing a news release. We will co-ordinate the broadcast with Shaw as well as the webcast and online chat, working with staff from ITS and Shaw. We will also produce a media advisory to invite the media to the event.

That's a bit of a rundown of the tasks that are still outstanding for the public meeting, all based on initiatives that were approved in the communications plan in June. Are there any questions?

The Chair: Any questions for Tracey?

Mr. Dorward: I do have a comment – I don't know if it's so much a question – with respect to this document. I understand the situation here is that we'll have this available to us to be able to attach to an e-mail that we can send out to a zillion people that we have on all our lists. Everybody in this room will invite everybody to please come. I just have a little bit of a problem with it. Just take this as my comments, please, not criticism.

When I just glance at it – and that's often what happens when people do things – it says "Your Fund." I don't know if that's really what I want to see. I want to see Alberta heritage savings trust fund. Now, I realize that's a long name, but Alberta heritage savings trust fund is way down in the corner, and you have to look to find it. I just wonder if we shouldn't have it right up front there at the top and in a lot bigger font than it is down in the corner.

A similar thing with respect to this card. It was really, really good to get, and I'm going to be able to get lots of these out in the hands of people that care about this kind of stuff. But the Alberta heritage savings trust fund part is fairly small font, and I probably would have made it a little bit bigger. That's the only comment on that.

I think the idea of having this and the sooner we can get it is fantastic.

Ms Sales: Okay. Thank you. I appreciate your comments. We can definitely make adjustments to accommodate for your comments. The only comment I would make is that Your Fund, Your Future has been something that I think we've been trying to communicate in relation to the fund for many years. We're hoping that that is something that will become more and more recognizable with the public.

I also think that the reason why we include it and try to draw attention to it is because it does create ownership. I don't think it's enough to remind people about the Alberta heritage savings trust fund. What we're trying to do is remind them that it's theirs and that they need to take ownership and that they should care, so I think that is sort of what we're trying to do with the Your Fund, Your Future. That being said, we can definitely make the committee name larger or just the Alberta heritage savings trust fund text larger. We have no problem making adjustments. This hasn't gone out, so I can do that.

Mr. Dorward: Yeah. I get that Your Fund, Your Future part, and I didn't mean to squish that down tiny or anything. I think you've got that message.

Will we now, Mr. Chair, have the opportunity to discuss the nuances of the meeting in terms of the flow and who's saying what and how we're sitting, how we're dealing with that situation?

The Chair: We will. Do you have a specific question?

Mr. Dorward: Well, I just think we should talk about: are we all sitting like this? Then the public: where are they sitting? Is there an open mike? How are we presenting these questions we just had the motion on? You know, are we taking one question from the Internet and then one question from people that are locally standing there or two from the Internet and one locally? How are we dealing with all of that?

The Chair: Well, you're right. Most of our committee members are new and haven't been through the process before.

Tracey, if you could just give us a couple of minutes' summary about how things sort of unfold over that couple of hours, that would be great.

Ms Sales: Sure. The meeting will again be held at the Oasis Centre. The way that the Oasis Centre is laid out is that there is an actual stage section. The committee members as well as anyone from Finance or AIMCo that is involved in the presentation will actually be on the stage. Generally speaking, the way the tables are set up is that there will be two tables, one for the committee members and then one for the Finance and AIMCo staff involved in the presentation, so it ends up being sort of a V as far as the layout. Then the public would be in the audience.

There will be mikes on the floor for the public to ask questions. Generally speaking, there is a presentation that members are involved in. Everyone has a speaking part. It will take you from the fund's background and history all the way up to current day. So we do rely on members to assist with presenting that information to the public.

Then usually that is followed by a question-and-answer period. The question-and-answer period sort of happens very organically. Generally speaking, you would start with the people in the room, and they would ask you questions. Once that begins, if the committee wants to sort of naturally ensure that answers to the questions that have been posed to us as far as the purpose and objectives of the fund and how we should save for the fund – those sorts of questions are very easy to just naturally pose when you're having that sort of banter between the people asking questions and the people on the stage.

As far as the people who aren't in the room, the online and the TV audience, which will be the majority of our audience, we have to be a lot more strategic, I would think, and formal in our approach, which is why I'm suggesting that those questions be put into a questionnaire that would be accessible online so that they can actually go and ask those questions in a formal format.

Thereby you get feedback from all of your various audiences, no matter whether they're there or not.

As far as the way we use the online chat and sort of co-ordinate it with the meeting, really that's up to the committee. What happened last year was that the chair, of course, chaired the meeting as the chair would any other meeting, and then the deputy chair was the one who actually reviewed all of the online comments and at appropriate times would just say: we've got a comment from Joe 3621 saying this and this and that. One of the reasons why we followed that format is because it is very important to have those comments read into the record because then they will be included in *Hansard* and will be part of the official report and all of that sort of thing.

That's how we dealt with it last year, and it actually worked really well. We took probably, I would say, five or six questions from the live audience, and then we would refer to the chat and answer a couple of questions there. Generally speaking, it's just as I said. One person who's reviewing the chat announces what the question is so that everybody on the committee knows what the questions are. Everybody on the committee has the opportunity to comment if they would like on those questions, that sort of thing.

10:00

Usually what we would do as well is that closer to the meeting date we would send all of the necessary documents to all of the members – copies of the presentation, copies of the way the room will be laid out, all of those sorts of things – to make sure that you're comfortable. Generally speaking, closer to the meeting we would provide feedback from Shaw as far as what to wear, what not to wear when you're on camera, that sort of thing. We usually deal with that outside of the meeting simply because there are a lot of very specific little details.

In a nutshell, that's generally how the meeting flows.

The Chair: All of us will get more information in the meantime on how things are going to be. Good question.

Thank you for the summary.

There are still some outstanding communication materials that do need to be completed before the public meeting, so I do need a motion authorizing Tracey to work with the chair and deputy chair on finalizing some of these items. Maybe we'll chat with Mr. Dorward about some of the graphics and colours and things like that. But there is some more work to do, so I do need a motion that the Standing Committee on the Alberta Heritage Savings Trust Fund authorize the chair and deputy chair to work with the communications consultant to finalize and approve the communication material required prior to the meeting.

Mr. Dorward: I'll make that motion, but I would like to add to it also regarding the layout at the meeting and the flow of the meeting, just so that if you find a way in the next couple of weeks that the meeting flows better or we're seated in a different way, then you can make those kind of changes, too, which are natural anyway.

The Chair: Why don't we just keep this one to the communications if we can, if that's all right.

Mr. Dorward: Okay. Sure. So as you read, I'll move.

The Chair: Great. Thank you, Mr. Dorward.

All in favour? All right. No one is opposed? Great. Thank you.

Okay. As I mentioned earlier, I'm hoping that all of our committee members will be participating in delivering the presentation during the public meeting. I'd just like to ask all of

our committee members at this time if they plan to attend the public meeting and if they will be participating in the official oral presentations. Everybody is okay with that? Excellent. Okay. So, then, there is no need for any substitutions.

Deputy Chair, you're okay to assist in monitoring the online chat bit?

Mrs. Jablonski: Absolutely.

The Chair: Wonderful. Okay.

Just one more point on the meeting. I know I'd appreciate it if there was a list of answers that we as committee members can utilize in responding to some of the common questions that will probably be asked at the public meeting. Especially since a lot of us are new, I think it would probably be helpful information. Some of the areas that might be helpful: if we could get some factual research completed by the LAO research branch on maybe background information on how the Norway and Alaska funds operate; inflation-proofing rules; the roles and responsibilities of the committee, Alberta Treasury Board and Finance, and AIMCo in connection with the fund.

If the committee is in agreement that we have some of this factual research done prior to the meeting, then I need a motion in that respect. Any questions on that? Since most are new, I think we would all appreciate having some information at hand so that when questions come up, we are in a position to answer them as committee members. We'll of course have AIMCo and Treasury Board and Finance with us, but it would be good as committee members to field some of those questions ourselves.

Mr. Eggen: I think it's a good idea. This is just new to me, so can we direct some questions to you that we can have researched?

The Chair: If you want some factual research done, absolutely.

Mr. Eggen: Okay. Great.

The Chair: Through the clerk if that's okay. Do you have any now?

Mr. Eggen: Well, no. This is just new to me – right? – so nothing is popping into my mind at the moment. I need to think about it.

The Chair: You had a question, Dr. Massolin?

Dr. Massolin: Yes. Thank you, Mr. Chair. Well, I just want to emphasize that it would be good to have the questions in advance of the meeting and maybe before the committee so that we could, first of all, have enough time to do the research but also that, you know, everybody is okay with those research tasks.

The Chair: Okay. All right.

Mr. Eggen, any questions?

Mr. Eggen: Oh, yeah. You just listed off a number of things that you suggested. Were those your suggestions, then, for us?

The Chair: Those are just examples.

Mr. Eggen: Examples. All right. So if we, you know, just have an opportunity to reflect, can we bring forward some reasonably parametered research topics?

The Chair: Sure. As long as we're not really burdened in research, some suggestions or some inquiries would be okay, I think.

Go ahead, Dr. Massolin.

Dr. Massolin: Thank you, Mr. Chair. We certainly would be happy to do that, to provide the general research and background information the committee would need to prepare for this meeting.

The Chair: To research this.

Dr. Massolin: Yeah, that's exactly right, sort of the parameters of the meeting.

The Chair: Okay.

Mr. Anderson, you have a question?

Mr. Anderson: I really like the idea of some background information, obviously, on the fund. If possible, I would like to get information on all funds, you know, around the world, essentially, that are similar to the Alberta heritage savings trust fund. You mentioned specifically, Mr. Chair, Norway and Alaska. Are there any others that are similar to that? How do they function? There might only be five or six around the world, but it would be nice to know kind of top of mind what those funds are and how they are managed and built and so forth. I know I do get a lot of questions on that from constituents and people. You know, why can't we save more? Why do we only have X amount? Why can't we be like Alaska or Norway or some other place? I think it's good to have that information at hand if that's possible.

The Chair: Okay.

Dr. Sherman: I'd like to build on what Mr. Anderson said. Can we also get some research internationally as to government policy that allows those jurisdictions that have these funds to actually put money away? What is their overarching policy that allows them the ability to save nonrenewable resource revenue, policy from taxation to royalty revenues to the revenue streams for those jurisdictions? As you know, the mission here is, one, the management of the fund, so it would be nice to compare our policy on management in addition to our policy on the actual savings.

Thank you.

The Chair: Okay. I'm just going to propose a motion here – and if I could get somebody to move it, that should get us what we're looking for – that

the LAO research services prepare factual information for the committee's use at the public meeting, including background information on Norway, Alaska, or any similar funds internationally; inflation-proofing rules; roles and responsibilities of the standing committee, Alberta Treasury Board and Finance, and AIMCo with respect to the heritage fund.

Can somebody move that? Mr. Sandhu. All in favour? All right. That's unanimous. No opposed. Okay. We'll get that information.

We'll move on to item 7, the public website, an update on our website hits. You've got a memo from Deputy Minister Annette Trimbee with this information. Does anybody have any questions for Alberta Treasury Board and Finance, communications about this information? Okay. We'll just give you a minute.

All right. Seeing no questions, we'll move on to item 8, other business. You've received follow-up responses, entitled AIMCo and the UN Principles for Responsible Investment, following some discussions we had at the last meeting. Does anybody have any questions on that information?

Mr. Dorward: Which one are you referring to?

The Chair: Have you got the memo, the AIMCo one on the United Nations principles?

Mr. Dorward: Oh, yes. Got it. Thank you.

10:10

The Chair: There was some discussion around that last time. Everybody has had a chance to look at it?

Ms Kubinec: Mr. Chair, just a comment. This is very good information and very valuable, and I thank you for compiling it for us.

The Chair: Yes. Thank you.

Okay. If there are no further questions – I'm sorry. Mr. Anderson.

Mr. Anderson: Was this on the UN principle thing?

The Chair: Yes.

Mr. Anderson: Okay. Yeah. I read through this yesterday, and I just found that it didn't really tell me anything. It doesn't really lay out any of the – it says that we're a signatory. You know, it talks about that. It has some principles for responsible investment, which essentially say that we'll incorporate ESG into everything we do. I was wondering if we could get the information on exactly what that means. What are the actual principles that are being abided by specifically? Do we not invest in companies that employ child labour or whatever it is? There's just nothing in here that explains what that is unless I'm missing it, if there's an appendix or an addendum to it.

Dr. de Bever: Well, there is a document that spells out what UN PRI contains. I think we've distributed that before, and it's available on the UN PRI website. It does contain the kind of items that you're discussing, but it's very general.

A lot of this stuff is common sense. I mean, companies that have poor labour practices, that have poor environmental practices from a business standpoint don't make a lot of sense. A lot of it is also subject to interpretation, and different jurisdictions and different countries, different companies interpret it in a different way.

The information has been made available, and I told you the source where you can get it as to what the principles actually contain.

Mr. Anderson: I appreciate that explanation. So that we don't have any confusion on that, can somebody in your organization please supply what principles those are to us? I mean, they might be on the website.

Dr. de Bever: We can do it again, yeah.

Mr. Anderson: That would be great if you could. Or maybe research already has them, and they can circulate them. Would that be okay, Mr. Chair, to get them circulated?

The Chair: If you don't mind, Dr. de Bever, if you could provide that information to the committee through the clerk.

Dr. de Bever: Yeah. I think you already have it, but I can provide it again.

The Chair: We'd appreciate that. Thank you.

Dr. de Bever: Okay.

The Chair: Again, a lot of our members are new, so we'll go with that.

Okay. Any further questions?

In that case, the next meeting will be our public meeting, October 3. I really appreciate everybody coming out for that. Sounds like we're going to have full attendance. Then we'll have a meeting in December following the release of the second-quarter update on the fund.

I just need a motion to adjourn. Mr. Sandhu. All in favour? That's approved. No opposed.

Thank you very much for joining us today. Thank you to our folks from AIMCo and Auditor General and Treasury Board and Finance. Thanks for being with us today.

[The committee adjourned at 10:13 a.m.]

